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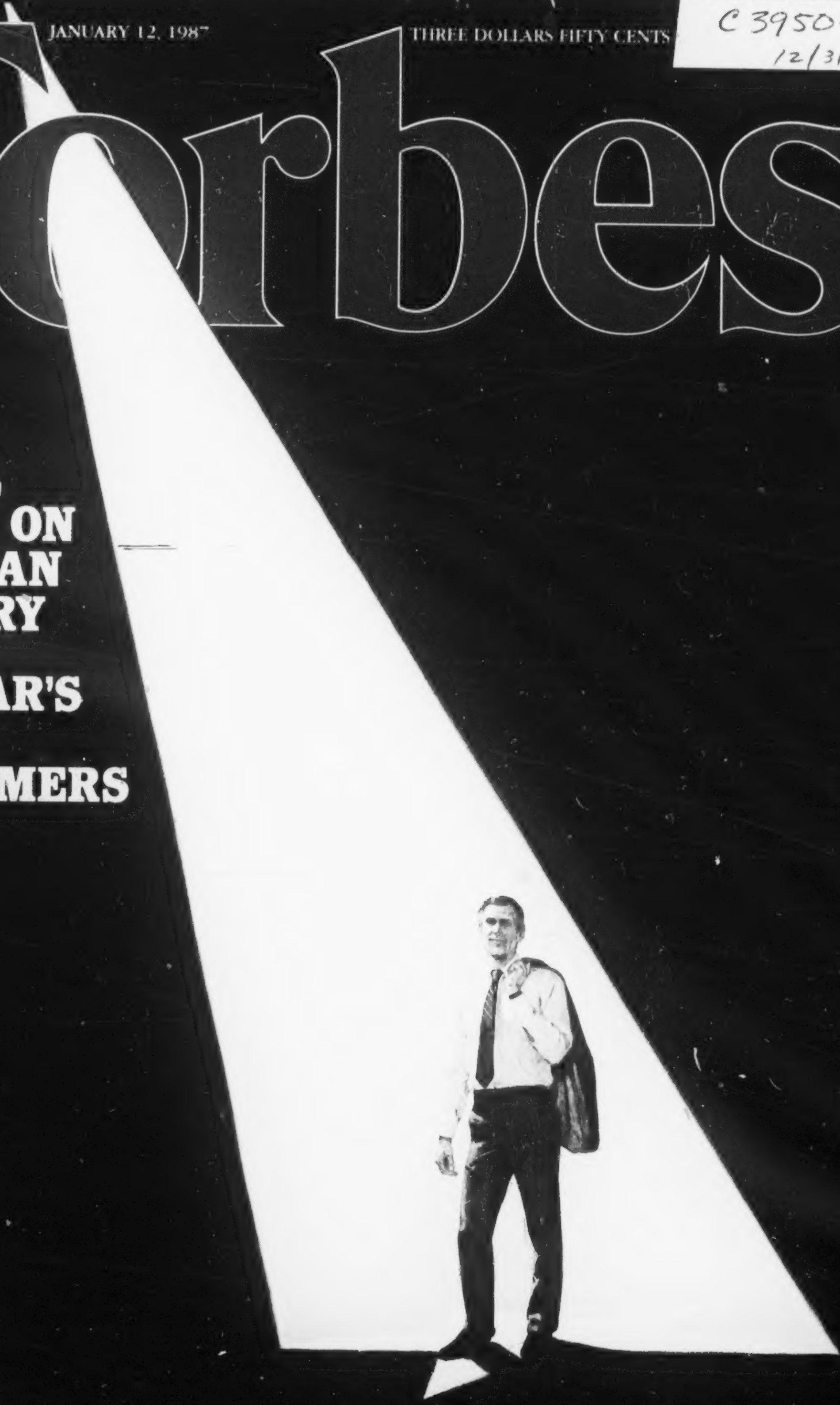

39th ANNUAL REPORT ON AMERICAN INDUSTRY

THE YEAR'S STAR PERFORMERS

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39th ANNUAL REPORT ON AMERICAN INDUSTRY: THE STAR PERFORMERS

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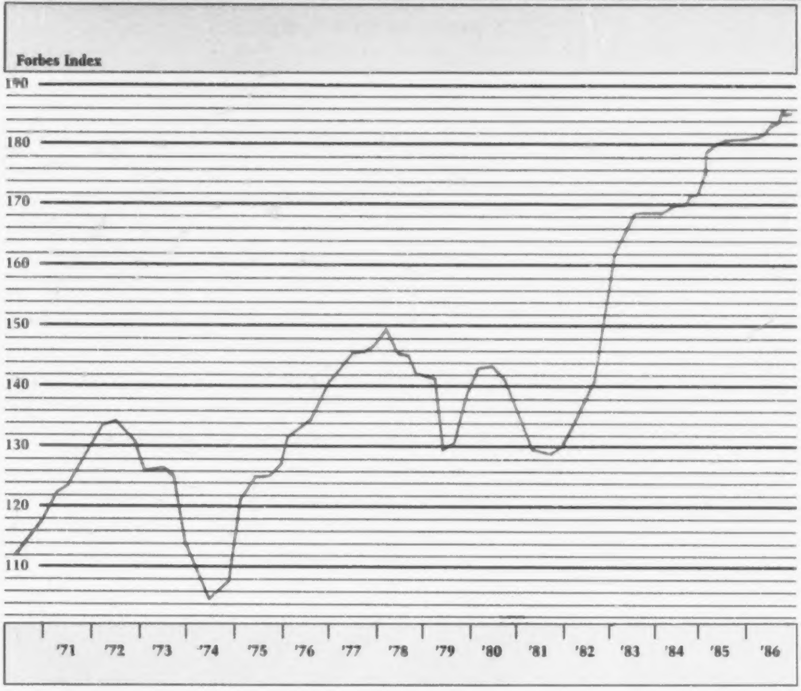
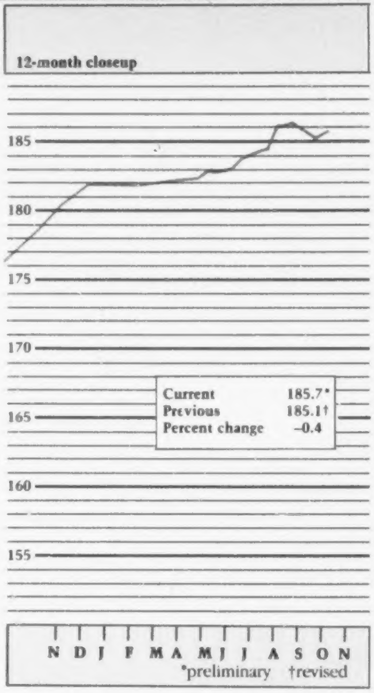
The Forbes Index





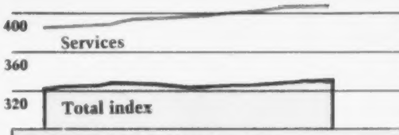
'Tis the season to beat Uncle Sam. After falling 0.5% in October, the Forbes Index got back on track, rising 0.4%. Retail sales increased 0.5% in November. Consumers rushing to buy big-ticket items before year's end boosted holiday spending. That's because state sales tax will no longer be deductible in tax year 1987. Meanwhile, industrial production and personal income posted respective gains of 0.6% and 0.5%. The increase in industrial production came from strength in nondurable materials, home furnishings and defense equipment.

The bad news? The construction industry is in trouble *(see p. 108).* New housing starts, probably the brightest bulb in a dim circuit, plunged 24.6% in November and now stand some 6% lower than they did one year ago.

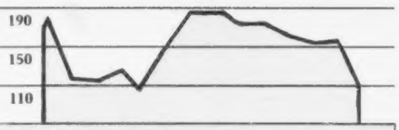
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

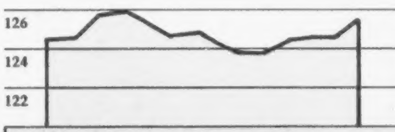
To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



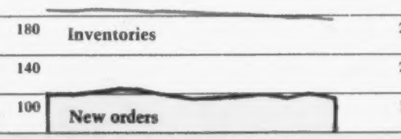
Consumer price indexes (1967 = 100) all urban consumers, unadjusted (Dept. of Labor)



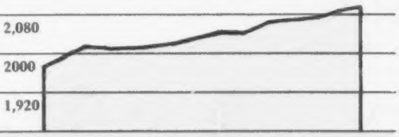
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



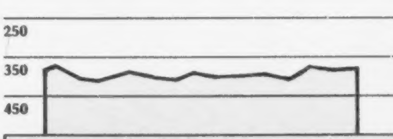
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



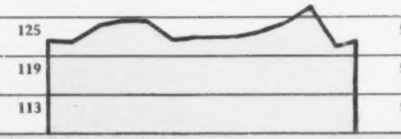
Manufacturers' new orders and inventories ($billions) seasonally (Dept. of Commerce)



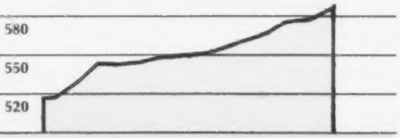
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

39TH ANNUAL REPORT ON AMERICAN INDUSTRY

Where to find the Yardsticks

Growth rankings, p. 214
Stock market rankings, p. 228
Profitability rankings, p. 252
Industry median rankings, p. 258
Company index, p. 262

In this, FORBES 39th Annual Report on American Industry, we add an important new feature. In addition to ranking companies by individual financial ratios, such as return on equity and earnings growth, FORBES is selecting each industry's most improved company of the year.

Apple Computer, for example, is our company of the year in computers. Why Apple, and not Data General or Datapoint or Honeywell? For starters we asked our computers to find corporations in each industry with the best overall growth in return on equity, sales, earnings and profit margins. We looked for 12-month figures that were exceeding five-year averages, and compared individual corporate performance to industry medians. We programmed the computer to discount dramatic percentage jumps that resulted from numerical quirks such as unusually low starting points. That means we didn't pay much attention to Burlington Industries in the textiles group, for example, a firm whose latest 12-month return on equity jumped from 1.1% in our last report to 5% in this report. A 5% return on equity is not much to brag about, especially compared with an all-industry median of 13%.

While other business magazines tend to rely heavily on statistical rankings generated by computer alone, FORBES made a point of factoring human judgment into each award. Were high returns the result of a reduced asset base? A one-time shot in the arm from liquidating much of the

Richard Williams

company? If so, the firm was disqualified by our editors. And what about competition, good management or new products? No computer can sensibly evaluate such considerations, all of which are integral to any improving company. We also contacted companies, competitors and Wall Street analysts. Thus the final selection of each most improved company was a matter of human judgment—aided, but not controlled, by our computers. Apple's return on equity for the latest 12 months was 26.9%, well below its five-year average of 44.6%, but margins are rising again and the Macintosh is making inroads into the business world. *(See "most improved" list below.)*

Our industry survey analysis of long-term and short-term profitability, growth in sales and earnings and stock market performance helps explain the mergers, acquisitions, divestitures and bankruptcies that continue to change corporate America. The statistics show who is growing and who is shrinking, who is recovering and who is leveraging to dangerous levels. Since any sensible evaluation of performance begins by comparing companies in similar lines of work, we list corporations by industry group and rank each company against firms in the same business. Elsewhere we show how each ranks against the 1,011 other firms in this survey.

This year 86 corporations were added, while mergers, LBOs, liquidations and downsizing eliminated 78. Included are companies whose stock was publicly traded as of Nov. 18.

By our rules, a firm can be classified in as many as three separate industry or subindustry groups. Details follow on the calculation of each Yardstick statistic. ■

Most improved companies

				—Stock price—		—Return on equity—		—Latest 12 months—	
Industry	Company	Survey page	Chief executive or chairman	5-year high–low	recent	5-year average	latest 12 months	sales (mil)	net income (mil)
Aerospace and defense	**Lockheed**	64	Lawrence O Kitchen	60⅛–14½	50	39.1%	27.9%	$10,145	$426.0
Air transportation	**NWA**	66	Steven G Rothmeier	61⅛–22¼	56½	5.0	6.4	3,072	65.2
Apparel, shoes and textiles	**Kellwood**	68	William J McKenna	38¾– 4	36⅛	11.7	17.7	516	20.7
Automotive	**Ford Motor**	71	Donald E Petersen	63½– 7⅛	55⅛	14.6	26.5	60,550	3,220.3
Banks and thrifts	**Wells Fargo**	74	Carl E Reichardt Jr	115 –18¼	104½	13.7	15.3	3,676	244.2
Beverages and tobacco	**Loews**	78	Laurence A Tisch	72⅜–10⅝	61¼	22.9	22.9	7,721	558.9
Chemicals	**Monsanto**	93	Richard J Mahoney	79 –28¼	73	8.7	1.0	7,064	40.0
Coal	**Nacco Industries**	97	Otes Bennett	29¾– 6¾	27¼	18.1	22.8	597	36.8
Communications media	**Harcourt Brace Jovanovich**	99	William Jovanovich	38¾– 4⅛	30	14.7	22.0	1,066	71.1
Computers and electronics	**Apple Computer**	101	John Sculley	63¼–11	35⅜	44.6	26.9	1,902	154.0
Conglomerates	**ITT**	106	Rand V Araskog	59½–20⅝	52	9.0	5.7	13,332	377.2
Construction	**Ryland Group**	108	CE Peck	27⅝– 2⅝	18	17.2	28.8	635	24.1
Consumer products	**Colgate-Palmolive**	114	Reuben Mark	43½–15	39¾	12.4	13.7	4,884	114.0
Electrical equipment	**Westinghouse Electric**	116	Douglas D Danforth	60¼–10⅞	56⅛	15.8	19.8	11,082	650.7
Electric utilities	**Consumers Power**	120	Wm T McCormick Jr	21⅞– 4⅛	16	4.3	def	3,168	–237.4
Financial services	**Federal National Mortgage**	126	David O Maxwell	39½– 7⅛	33⅞	def	11.3	10,634	152.5
Food distributors	**Kroger**	130	Lyle Everingham	35 –11⅝	29	15.7	7.4	16,994	90.1
Food processors	**General Mills**	134	H Brewster Atwater Jr	47⅜–14¼	40	NA	25.8	4,712	193.7
Health	**Becton Dickinson**	140	Wesley Howe	61¼–15⅜	47¾	11.8	15.6	1,312	111.9
Heavy equipment	**Caterpillar**	146	George A Schaefer	57½–28⅜	37½	def	10.1	7,351	311.0
Industrial and office services	**Computer sciences**	148	William R Hoover	39¾–11	37¾	14.9	12.3	925	27.6
Insurance	**Fireman's Fund**	154	William McCormick	44½–25¾	32⅞	NA	12.8	3,528	171.1
Leisure and recreation	**Walt Disney**	158	Michael D Eisner	54⅞–11¼	40⅜	8.7	19.9	2,471	247.3
Metals	**Phelps Dodge**	162	George B Munroe	34 –12⅞	17¾	def	3.2	860	37.8
Natural gas	**Panhandle Eastern**	164	Robert D Hunsucker	27⅝–24¼	25⅞	14.1	def	2,461	–421.0
Oil	**Chevron**	198	George M Keller	47⅛–23½	45⅝	13.1	9.0	28,842	1,402.4
Packaging	**Brockway**	202	John A Winfield	22½– 6⅜	26⅛	5.1	13.1	1,064	29.6
Paper	**Georgia-Pacific**	204	T Marshall Hahn Jr	40½–13¼	36	5.3	10.3	7,032	246.0
Retailing	**The Gap**	206	Donald G Fisher	45½– 1⅝	42⅛	20.3	31.5	746	47.0
Surface transportation	**Arkansas Best**	210	Hugh L Hembree	25⅜– 3¼	23¼	10.0	21.5	665	20.3
Telecommunications	**Alltel**	212	Weldon Case	45 –15½	41⅜	14.9	15.4	693	77.7

def: Deficit. NA: Not available.

Yardsticks of management performance													
		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	% in –segment– sales/profits	rank	**5-year average**	**latest 12 months**	debt as % of equity	net profit margin	rank	**5-year average**	**latest 12 months**	rank	**5-year average**	**latest 12 months**	**earnings stability**

SEGMENT SALES AND PROFITS

The segment sales and profits column shows the percentage of a company's sales and profits derived from a particular industry and are based on a company's most recent annual report. Although most firms provide segment data in this format, numbers in these columns may not add up to 100%. A bullet appears if 90% or more of sales or profits are within a particular segment. Line-of-business breakdowns can differ from company to company. And FORBES' segment definitions may also vary from company designations.

PROFITABILITY

Return on equity is defined as primary earnings per share, divided by common shareholders' equity per share at the beginning of the year and expressed as a percentage. For common shareholders' equity we assume conversion of all convertible preferred stock at the start of each year. The difference between the stated value and the involuntary liquidating value of nonconvertible preferred shares is subtracted from equity. For the purposes of this issue, FORBES uses earnings per share before extraordinary items. Gains or losses from discontinued operations are included in calculating per-share earnings.

TIME PERIODS

A five-year growth rate requires six years' worth of data. For firms with fiscal years ending in April through December, growth rates are necessarily based on the fiscal years through 1985. For companies with fiscal years ending in January through March, five-year averages include the fiscal years through 1986. An average can be computed if at least four years' data are available; these are marked with a footnote. When data are not comparable or are unavailable, the growth rate is marked NA (not available). Latest 12 months' comparisons are between the four quarters through September 1986—when available—and the same four quarters of the previous year. In the case of return on equity, income is divided by the prior year's equity figure. Periods vary slightly for companies with fiscal years not ending in December.

GROWTH RATES

We use the least-squares method to describe the average year-to-year change in sales or earnings. This equation adjusts for sharp fluctuations. Example: Over three years a firm's earnings go from $1.00 to 50 cents, and then to $2.00. That's a 50% decline from the first to the second year, and then a 300% jump in the third year. But least-squares says, on average, earnings grew by 41.4% ($1 x 41.4% x 41.4%). This method, however, cannot handle negative values. If first- or second-year earnings are negative, FORBES calculates the growth rate for a shorter period of time, starting at the first positive year. If earnings are negative in any of the last four years, as is often the case with cyclical stocks, the growth rate is reported as not meaningful (NM).

EARNINGS STABILITY

While the five-year earnings growth rate describes how much earnings grew on average, it may not reflect how much volatility there was in earnings over this period. In the example above, the company with the 41.4% growth rate did not have as stable an earnings trend as a company that went from $1.00 to $1.41 to $2.00. But both firms would show the same 41.4% growth rate. The earnings stability factor, or a coefficient of determination, describes how much earnings fluctuated over five years. Companies with stability ratings in the top 15%, such as Pillsbury, are designated Very High, those in the next 20% High, the middle 30% Average, and so on.

DEFINITIONS

FORBES defines sales as net sales plus other operating revenue. For banks, sales is defined as total interest income plus other income. Net profit margin covers the latest 12 months. It measures net income as a percentage of net sales, including other operating income. Debt as a percentage of equity is calculated using the latest balance sheet data available. It is defined as long-term debt, including capitalized leases, divided by total equity (including preferred equity).

Medians for all Yardstick components are calculated by listing companies in rank order and selecting the midpoint. When there is an even number of companies, the midpoint is obtained by averaging the two middle firms.

This 39th industry survey shows clearly and concisely which companies have been doing their homework over the past five years and which corporations need to knuckle down and crack open the books. Industry reports, appearing alphabetically, begin on page 64; sales and earnings growth rankings of all 1,012 companies begin on page 214; profitability rankings start on page 252. Five-year stock market performance tables start on page 228. On page 262 is an alphabetical cross-reference index of all the companies in this survey.

AEROSPACE AND DEFENSE

On balance it was a good year, with lots of orders and not many cuts in defense spending. But for how much longer?

By Howard Banks

IT WAS SHOCKING enough that the Shuttle Challenger blew up, throwing the U.S. space program into turmoil. But as 1986 progressed, the same defense and aerospace industry that had until then been one of the most profitable sectors of the entire economy clearly began to lose its luster. Why?

For one thing, the great spending surge of the Reagan defense buildup, which pumped close to $1.5 trillion into defense and aerospace contractors over the last six years, finally peaked, with the result that the big earnings leaps of previous years have now begun to tail off. Meanwhile, those well-publicized stories about $400 hammers and sundry other Pentagon boondoggles have resulted in tighter price controls.

Finally, companies now have to spend more of their own money up front to compete for defense contracts. Thus, Boeing has had to invest $600 million of its own money in the development of a tilt-rotor assault plane for the Marines, which it is to build jointly with a Textron subsidiary, Bell Helicopter.

There's tough competition, too, in the civilian sector. Boeing has done well with its 747 jumbo and its smallest jet, the 737, but its midsize 757s and 767s suffered encroachments from Europe's Airbus, which significantly expanded its U.S. presence through Northwest Airlines' order for up to 100 of its new 160-seat A320s. The Europeans also plan to launch a government-funded long-range, four-engine design (the A340) for routes with too little traffic to fill a Boeing 747. That move could make it unprofitable for McDonnell Douglas to go ahead, as now seems certain, with an updated version of its three-engined DC-10, which will have new aerodynamics, more efficient engines and use two cockpit crewmen.

Perhaps the toughest competition of all came among the many smaller defense electronics companies, which have been getting less work than expected from President Reagan's Strategic Defense Initiative. Why? One important reason is that most major contractors have chosen to retain control over the electronics in their weapons systems rather than subcontract the work to outside firms. Thus, Lockheed's purchase of Sanders Corp., a leading microelectronics firm, for $1.2 billion is likely to be followed by other takeovers. The alternative tactic, adopted by Boeing after it was beaten by General Motors in the race to acquire Hughes Aircraft, is to build an electronics capability from scratch. It's not yet clear which will be more cost effective.

With margins now under pressure, individual aerospace firms will confront a number of important questions as 1987 unfolds. For example, the Air Force may compel Rockwell International and other major subcontractors to absorb a large part of the cost of bringing the B1-B bomber up to operational

Most improved

Blake Little/Visages

Lockheed Chairman Lawrence Kitchen

If numbers were all that mattered, Westinghouse Electric, with a one-fifth rise in per-share earnings in 1986, would arguably be this industry's most improved company for 1986. But Lockheed Corp., with admittedly somewhat less impressive numbers, gets the nod instead. Why? Because under its new chairman, Lawrence Kitchen, Lockheed has once again become the most aggressive and successful marketer of new products in the industry. Lockheed already enjoys a high and consistent return on equity—and a steady increase in per-share earnings—since the termination of the loss-burdened Tristar airliner project. In time, the contracts and acquisitions brought home by Kitchen will keep earnings, now likely to top $6 per share for 1986, rising still higher no matter what the prospects for aerospace as a whole. Says he, "We have a strong base with programs like the Trident missile, and now we're adding new programs." Acquiring Sanders added heavily to debt. But, says Kitchen, "It will be paid down in three or four years and without hitting new investment or research and development spending."

The biggest game Lockheed bagged in 1986, a quarry of almost Brobdingnagian dimensions, was as prime contractor for one of two advanced fighter prototypes to fly in 1989 in a competition for a $45 billion Air Force contract. Beating existing top fightermakers like McDonnell Douglas and General Dynamics came on top of building the Stealth F-19 fighter, yet another payoff of the company's famed, highly secret Skunk works.

standard, a move that would depress earnings for the firm. Similarly, bankrupt LTV Corp. may be forced to shed its profitable aerospace business. One likely buyer, Allied-Signal, has announced plans to divest itself of seven electronics subsidiaries and hopes to raise up to $1 billion. And United Technologies is slimming its work force by 6% as it restructures to concentrate on core business like its Pratt & Whitney jet engine subsidiary. Cost: A $592 million fourth-quarter writeoff. In sum, for defense and aerospace companies, the easy profits of previous years are disappearing, and 1987 looms as a year of uncertainties in which the only constant will be working harder for less reward. ■

Aerospace and defense

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Lockheed	●/●	1	39.1%	27.9%	70.7%	4.2%	7	13.2%	8.6%	9	19.4‡‡%	11.7%	very high
EG&G	NA/NA	2	29.7	24.5	3.3	4.3	5	13.9	1.8	13	16.1	–7.1	very high
Teledyne	29/NA	3	26.5	18.4	35.9	9.0	33	2.3	–2.3	6	23.3	–41.1	average
Morton Thiokol	47/37	4	24.3	17.1	3.7	6.8	3	21.2	4.6	7	22.2	–31.6	average
General Dynamics	88/●	5	23.9	27.2	27.3	4.1	8	12.7	12.1	4	30.3	–8.1	high
E-Systems	●/●	6	21.1	14.3	20.2	4.4	4	14.9	16.8	5	28.4	–23.1	high
Rockwell Intl	76/71	7	19.8	21.1	19.6	5.0	12	10.2	8.5	11	16.9	3.0	very high
General Electric	NA/NA	8	19.8	17.4	29.7	7.7	34	2.0	15.0	15	9.7	3.7	very high
Rohr Industries	●/●	9	19.5	17.8	11.3	7.6	31	3.4	3.1	1	93.1	–6.6	very high
Litton Industries	70/●	10	19.3	7.4	144.4	1.6	36	0.4	–1.5	24	0.0	–65.3	very low
Raytheon	70/85	11	19.1	20.3	2.8	5.6	27	4.4	11.4	20	1.6	14.1	very low
Lear Siegler	33/ 9	12	18.5	9.7	34.3	2.4	14	9.7	7.1	17	3.9	–35.6	average
Loral	●/●	13	17.9	17.7	40.9	8.2	1	26.2	21.7	12	16.7	17.3	very high
Northrop	●/●	14	17.9	6.3	0.5	1.1	2	24.6	17.4	2	35.6	–76.4	average
Todd Shipyards	●/DD	15	17.8	def	87.0	0.1	46	–8.8	7.2		NM	P–D	NM
Boeing	●/●	16	16.9	15.2	5.8	4.2	19	6.5	22.6	18	3.5	26.7	very low
Colt Industries	34/36	17	16.8	26.0	76.2	6.9	42	–5.8	–13.4		NM	–20.4	NM
Tracor	67/31	18	16.3	2.0	69.5	0.6	9	12.5	10.3	22	1.2	–86.8	very low
Wyman-Gordon	●/●	19	16.3	def	6.6	def	45	–8.5	–13.0	34	–30.7	P–D	low
Kaman	47/76	20	16.0	16.4	13.8	3.5	17	8.0	4.0	10	19.0	7.0	very high
Westinghouse	18/NA	21	15.8	19.8	20.9	5.9	29	4.1	6.9	16	7.4	25.7	high
Grumman	85/78	22	15.4	11.4	57.8	2.3	11	11.6	11.3	3	34.2	–16.6	average
Sundstrand	62/86	23	15.0	13.5	51.4	5.7	26	4.5	15.9	30	–6.0	9.2	low
Computer Sciences	35/NA	24	14.9	12.3	24.5	3.0	21	6.2	19.5	19	2.7	–13.0	very low
United Technologies	50/50	25	14.2	10.9	37.5	3.0	24	4.7	2.0	29	–5.1	71.0	very low
Perkin-Elmer	23/35	26	14.1	10.3	12.0	5.3	28	4.3	–0.4	26	–0.9	–13.6	very low
Dynalectron	52/●	27	14.0	3.1	6.1	0.8	16	8.6	10.4	33	–11.8	–73.0	very low
Martin Marietta	83/69	28	13.9	28.5	28.1	4.3	15	9.7	8.6		NM	–10.3	NM
Parker-Hannifin	26/35	29	13.8	13.9	36.7	5.0	20	6.4	21.8	23	0.6	1.5	very low
McDonnell Douglas	●/●	30	13.7	10.6	22.0	2.3	10	12.4	11.6	8	19.8	–18.7	very high
Harris Corp	37/69	31	13.1	7.1	20.3	3.0	13	10.1	–8.7	32	–8.8	–7.7	average
TRW	42/NA	32	12.6	14.3	64.5	2.4	30	3.9	–0.7		NM	126.8	NM
FMC	39/55	33	12.0	16.1	NE	4.6	38	–1.0	–5.3	28	–2.2	236.1	very low
Honeywell	28/21	34	12.0	8.7	28.0	3.2	23	5.6	9.1	27	–1.7	20.4	very low
Harsco	35/65	35	11.9	10.3	24.4	4.2	35	1.6	–11.0	25	0.0	–21.9	very low
Hercules	32/64	36	11.6	13.8	29.8	8.0	37	0.3	1.7	21	1.4	33.2	very low
Textron	49/38	37	10.7	15.7	74.5	5.3	32	2.3	–14.3	14	12.2	22.6	low
Singer	65/47	38	8.7	17.9	28.9	4.7	39	–3.0	–22.5		NM	13.5	NM
Allied-Signal	44/47	39	6.9	def	57.7	def	6	13.8	12.9		NM	P–D	NM
GenCorp	25/36	40	5.8	10.5	20.7	3.3	18	6.7	5.4	31	–6.7	159.9	very low
Texas Instruments	28/NM	41	5.7	def	10.8	def	22	5.7	–7.4		NM	D–D	NM
Gould	28/PD	42	2.0	def	65.9	def	47	–8.9	–21.5		NM	D–D	NM
Gates Learjet	●/DD	43	1.5	def	196.4	def	44	–8.4	–17.3		NM	D–D	NM
Talley Industries	39/47	44	1.2	11.6	120.8	3.9	41	–5.2	4.8		NM	14.8	NM
Becor Western	39/●	45	def	1.5	24.0	0.7	43	–6.3	–1.9		NM	20.0	NM
Fairchild Industries	72/DD	46	def	5.2	63.8	2.1	40	–4.7	8.7		NM	D–P	NM
LTV	27/PD	47	def	def	2702.2	def	25	4.5	–5.6		NM	D–D	NM
Industry medians			**14.9**	**12.3**	**28.1**	**3.9**		**4.7**	**5.4**		**0.6**	**–7.9**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. **DD:** Segment deficit, total deficit. **PD:** Segment profit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. ‡‡Three-year growth. For further explanation, see page 61.

AIR TRANSPORT

It began as a year of record losses. But after years of rising, fuel prices finally began to fall. Meanwhile, traffic growth turned sharply upward even as continuing mergers concentrated more and more revenue in fewer and fewer companies. The result? Airlines wound up turning in a year of healthy profits after all.

By Howard Banks

THE SCHEDULED AIR CARRIERS in the first quarter of 1986 turned in a record $669 million operating loss. Big deal! By year's end the industry had racked up an eye-popping operating profit approaching $1.4 billion, matching the 1985 level. How come so massive a turnaround?

"It's a story of an industry that switched from a freewheeling, chaotic situation into a more controlled one," says First Boston analyst Michael Derchin. The spate of cost-cutting mergers begun in 1985 obviously helped. But the biggest single factor was the rise in the number of people flying—up 13% in the first ten months of 1986 over the same period of 1985. A result of the weakening U.S. dollar and fears about terrorism was that people flew less to Europe and more inside America.

The other major factor in the profits surge was collapsing petroleum prices, which, at an average of about 43 cents per gallon, are now close to half aviation fuel costs in 1985. According to George James, president of Airline Economics, that alone saved the industry $3.5 billion in operating expenses—savings that were in part passed on to passengers

Air transport

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Freight													
Federal Express	●/●	1	22.9%	12.7%	48.9%	4.6%	1	36.3%	26.1%	1	12.1%	17.7%	average
Emery Air Freight	●/●	2	20.8	def	66.2	def	2	10.8	1.1	2	–1.7	P–D	very low
Purolator Courier	76/DD	3	13.1	def	83.6	def	3	6.2	3.4		NM	D–D	NM
Pittston	36/DP	4	def	1.7	11.2	0.7	5	–13.0	0.7		NM	D–P	NM
Tiger International	●/DD	5	def	def	NE	def	4	–6.7	–3.0		NM	D–D	NM
Medians			**13.1**	**def**	**48.9**	**def**		**6.2**	**1.1**		**NM**	**P–D**	
Airlines													
Southwest Airlines	●/●	1	18.7%	10.0%	73.9%	6.2%	4	26.2%	18.8%	3	4.7%	–17.1%	average
Piedmont Aviation	●/●	2	17.8	12.1	43.9	4.0	3	26.7	21.1	2	5.1	–13.3	very low
USAir Group	●/●	3	16.3	8.9	43.1	5.1	6	13.0	2.7	4	1.9	–22.4	very low
AMR	●/●	4	10.8	11.6	83.7	4.5	8	9.8	0.2		NM	–27.4	NM
Delta Air Lines	●/●	5	10.7	5.4	66.7	1.6	9	8.5	–5.5		NM	–69.3	NM

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 61.

Most improved

Steve Niedorf/Wheeler Pictures

Northwest Airlines Chairman Steven Rothmeier

Good as the year proved to be for most airlines, Northwest Airlines stood out from all the rest as the most improved civil air carrier for 1986. Under its chairman and chief executive officer, Steven Rothmeier, Northwest enjoyed not only the biggest jump in yield, up 7.5% during the third quarter, but saw return on shareholder equity rise 6.4% as the company's stock rose to a recent $62 on a 53% surge in net earnings over 1985 levels. Why the impressive results? Much of the improvement came from growth of traffic in Northwest's all-important Pacific routes, which saw passenger volume rise by 15% over 1985 as Rothmeier took advantage of lower costs to turn the competitive screws on rival United Air Lines (now flying the old Pan American routes). Now, with the $884 million acquisition of Republic, strong in the midwestern and western states, and a 50% interest in PARS, TWA's computerized reservations system (which will allow more precise control of fare discounts and wring more yield out of every mile flown), Rothmeier can look forward to equally impressive results in the year ahead from Northwest's stateside routes, as well. But is he satisfied? Not so you would notice. Says he, "Our earnings still don't reflect our potential."

through discounted fares.

Yet not even pricing skirmishes could slow the flow of dollars into airline coffers. Yield, the average fare achieved per mile, was actually 6½% down on 1985 levels as an incredible 90% of passengers took advantage of cut-rate fares. Lower prices produced higher volumes, and the profits kept rolling in. Now the trend will be to sell fewer seats at giveaway fares since each ½% improvement in yield adds some $250 million operating profit to the industry per year.

Continuing mergers throughout the industry bolstered these trends, helping carriers widen their margins even more. Northwest Airlines' acquisition of Republic gives it a grip on three important hubs—Minneapolis-St. Paul, Detroit and Memphis. Texas Air's acquisition of Frontier and People Express means reduced competition at Denver, with the promise of fatter profits for Texas Air in the process. TWA's acquisition of Ozark gives it a near monopoly at St. Louis. And American Airlines' purchase of Air California and USAir's of California-based PS Group suggest that the cost of breaking into an established market may now be so high that acquisition is the only option. If so, there will be more mergers. ■

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
PS Group	62/58	6	7.1%	0.2%	278.9%	0.2%	5	16.0%	18.3%		NM	–97.1%	NM
NWA	83/●	7	5.0	6.4	166.5	2.1	7	10.3	18.2	1	75.8%	–14.5	high
UAL	82/DD	8	3.5	2.3	131.1	0.5	10	6.5	42.0		NM	D–P	NM
People Express	●/DD	9	def†	def	NE	def	1	93.3‡‡	46.1		NM	D–D	NM
Pan Am	88/66	10	def	6.3	413.7	def	14	–2.3	–9.2		NM	D–P	NM
Eastern Air Lines	●/●	11	def	def	726.0	def	11	6.4	–5.9		NM	P–D	NM
Western Air Lines	●/●	12	def	def	173.0	0.7	12	5.2	–4.8		NM	P–D	NM
Texas Air	●/●	13	def††	8.1	419.8	1.7	2	37.8	16.9		NM	–89.2	NM
Trans World Airlines	●/DD		NA	def	674.8	def	13	1.9	–16.4		NM	D–D	NM
Medians			**5.0**	**5.9**	**148.8**	**1.2**		**10.1**	**9.8**		**NM**	**–79.3**	
Industry medians			**6.1**	**2.3**	**83.6**	**0.7**		**9.8**	**2.7**		**NM**	**–93.2**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

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def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ††Three-year average. ‡‡Three-year growth.
For further explanation, see page 61.

APPAREL, SHOES AND TEXTILES

In the apparel business, the new game is pick a niche and stick to it.

By Eva Pomice

IN 1986 APPAREL MAKERS ENCOUNTERED AN ENEMY in their midst: their customers. After years of flirting with the idea of manufacturing their own garments to save on costs, department and specialty stores in the past year began adopting the strategy in earnest, and apparel makers were the ones to suffer. Thus, while retail apparel sales were up about 7% in volume through September, shipments from apparel makers actually declined by 2%.

Though their stiffer inventory controls shielded manufacturers from the need for drastic inventory markdowns, consumer demand remained weaker than expected. "You're not going to have a broad-based, general-type boom," says First Boston's Margaret Gilliam, a retail and apparel analyst.

As consolidation among department stores and retailers continues to concentrate more buying power in fewer hands, apparel manufacturers now face a major strategic challenge:

Apparel, shoes and textiles

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Apparel													
Liz Claiborne	●/●	1	63.5%	49.2%	4.9%	10.7%	1	47.9%	42.7%	2	53.8%	39.6%	very high
NIKE	25/NA	2	40.8	16.6	11.8	5.0	2	27.9	0.9	7	–2.0	85.7	very low
VF	●/●	3	32.9	25.4	19.3	9.4	4	18.1	8.3	3	30.0	7.1	very high
Oxford Industries	●/●	4	18.0	8.7	13.9	2.1	5	17.1	–3.5	5	15.7	113.0	low
Hartmarx	42/73	5	13.9	8.1	22.4	2.6	6	10.3	–3.0	6	14.9	–36.5	very high
Kellwood	●/●	6	11.7	17.7	67.5	4.0	10	0.8	–10.6	1	132.8	12.1	very high
Phillips-Van Heusen	79/83	7	11.2	12.0	12.5	3.5	8	7.1	–8.4	4	24.9	41.0	high
Interco	36/32	8	9.6	8.6	15.9	3.9	10	0.8	–1.2	8	–6.9	52.3	average
Manhattan Industries	64/71	9	8.6	1.2	36.6	0.2	7	9.2	–21.7		NM	D–P	NM
Genesco	23/DP	10	def	def	135.9	def	12	–3.9	–5.0		NM	D–D	NM
United Merchants	26/17	11	def	def	263.1	def	9	1.6	–9.3		NM	D–D	NM
Leslie Fay Cos	●/●		NA	NE	86.4	3.1	3	20.9	23.2		NA	NA	NA
Medians			**11.7**	**8.7**	**20.9**	**3.3**		**9.8**	**–3.3**		**14.9**	**25.9**	
Shoes													
NIKE	75/NA	1	40.8%	16.6%	11.8%	5.0%	1	27.9%	0.9%	3	–2.0%	85.7%	very low
US Shoe	43/48	2	18.8	8.8	30.9	2.2	2	15.2	6.8	1	4.2	–31.7	low

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Most improved

William McKenna of Kellwood Co.

James Schnepf/Wheeler Pictures

There are few companies that have straddled the apparel market's diverging trends better than St. Louis-based Kellwood Co. On sales of $516 million, Kellwood saw its earnings per share jump 12% during 1986, while return on equity held firm at a respectable 17.7%, well above the industry average.

That achievement made Kellwood, under President and Chief Executive Officer William McKenna, the most improved company in the apparel group in 1986.

As a major private-label manufacturer, Kellwood has clout with retailers. Half its sales go to Sears. Its Hong Kong subsidiary, Smart Shirts, which provides almost half of operating profits, and four new Caribbean plants greatly diminish the threat of foreign imports. And now, by divesting itself of such sideline businesses as a camping equipment manufacturer and a regional off-price retailing chain, while concentrating instead on a series of rapid acquisitions in ladies' and young people's wares, the company has become a niche marketer as well. "We have bricks and mortar in the old Kellwood," says McKenna. "Acquisitions will broaden our customer base and give us marketing knowhow."

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Brown Group	32/NA	3	15.7%	11.9%	38.8%	3.2%	3	3.6%	–4.1%	2	–0.2%	51.0%	very low
Genesco	30/40	4	def	def	135.9	def	4	–3.9	–5.0		NM	D–D	NM
Medians			17.3	10.4	34.9	2.7		9.4	–1.6		–1.1	9.7	
Textiles													
Collins & Aikman	79/65	1	19.2%	19.2%	24.3%	5.9%	2	14.2%	6.7%	1	43.7%	4.1%	very high
DWG	27/ 4	2	13.1	def	505.7	def	1	31.2	3.4	4	–13.4	D–D	very low
West Point-Pepperell	37/DP	3	11.3	9.2	46.2	3.0	5	0.4	50.6	3	–4.8	48.7	very low
Celanese	48/56	4	10.8	22.2	42.7	7.0	8	–2.2	–5.4		NM	43.4	NM
Springs Industries	46/DP	5	8.8	5.3	60.9	1.6	3	3.8	65.6	2	1.8	52.6	
Burlington Inds	56/ 0	6	5.8	5.0	33.2	2.0	6	–0.6	–0.9	5	–26.6	356.8	average
JP Stevens	37/20	7	0.9	7.9	34.3	2.3	7	–1.1	–10.8		NM	D–P	NM
United Merchants	41/12	8	def	def	263.1	def	4	1.6	–9.3		NM	D–D	NM
Medians			9.8	6.6	44.5	2.2		1.0	1.3		–20.0	43.4	
Industry medians			11.3	8.7	35.5	2.8		5.5	–2.1		–2.0	39.6	
All-industry medians			12.6	13.0	46.0	3.9		7.1	3.9		–0.9	2.8	

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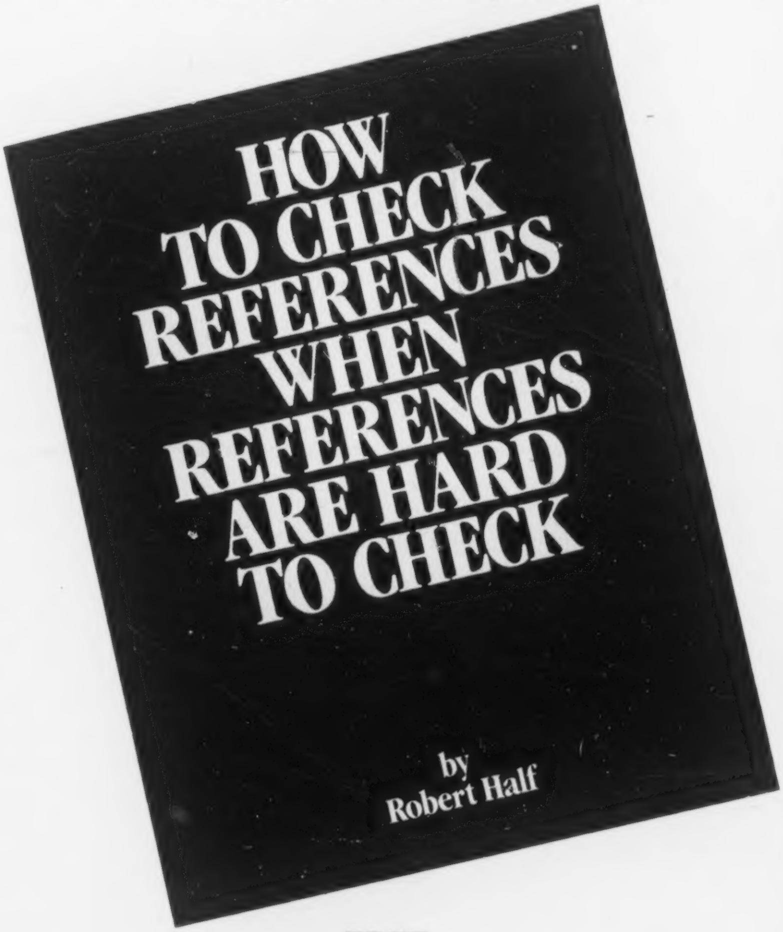
Alfred M. King, *National Assn. of Accountants*



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Either grow big, fast, or seek out niche-like marketing opportunities that are beneath the radar of larger competitors. In short, 1986 saw the continued disappearance of the middle ground.

Among the largest manufacturers, V.F. Corp. (1985 sales $1.4 billion), maker of Lee jeans, increased its muscle with retailers through a $732 million acquisition of Blue Bell, manufacturer of Wrangler jeans. Now equal in size to longtime leader Levi, V.F. can improve on an already successful strategy: producing lots of what retailers buy in tons—commodity items like jeans and fleece sportswear.

Liz Claiborne, new to our list, grew meteorically from a small base by zeroing in on the working woman's market, and scored an impressive 49.2% return on equity. More than 85% of Claiborne's moderately priced designer clothes are made abroad, insulating it from import pressures. Now Claiborne is trying to beat retailers at their own game by opening up a string of stores in 1987.

By divesting itself of such sideline businesses as a camping equipment manufacturer and a regional off-price retailing chain, while concentrating instead on rapid acquisitions in ladies' and young people's wares, Kellwood has become a niche marketer as well. "Acquisitions," says McKenna, "will give us marketing knowhow."

At the bottom of the apparel chain, textile manufacturers are fast learning the clothingmakers' most important lesson: Only the biggest or the most specialized survive. Unable to stem the flood of cheap imports, textilemakers in 1986 began banding together to concentrate on high-margin niches like home furnishings and auto fabrics. During the year Burlington and J.P. Stevens acquired new businesses in these fields. Collins & Aikman, a specialty manufacturer with an enviable 19.2% five-year average return on equity, was set at year's end to be purchased by Wickes Cos. Such regroupings seem inevitable. Though lower individual tax rates may boost consumer demand, overall apparel sales are expected to increase only 1% to 2%. ■

AUTOMOTIVE

Ford made the money, GM put on the show, the immigrants got ready, and up the yen did go.

By Jerry Flint

At General Motors, a decade of flawed strategies created a mountain of unsold cars, giveaway prices, falling profits and a one-man stockholder revolt by H. Ross Perot, who then took $743 million for his shares and went home. At Ford, by quiet contrast, a hot truck and the old-fashioned limo created what will probably turn out to be a record $3 billion-plus profit. At Chrysler, marketing knowhow compensated for the lack of new designs. And across the Pacific, Hyundai, the Korean company, established a U.S. beachhead with 160,000 cars sold, even as the yen's rise against the U.S. dollar

Most improved

Ford Chairman Donald Petersen

Richard Derk

Luck, hard work, four aces. Thus armed, Ford Motor Co. swept the competition to stand out as the auto industry's most improved carmaker for 1986. Ford produced an impressive 26.5% return on equity in the past 12 months. Its stock price nearly doubled, approaching its alltime high—63½—as the year ended. Ford's aces turned the trick.

The first ace: trucks, which account for 40% of Ford's North American vehicle business. Sales in 1986 ran 11% ahead of the year earlier. Profits are high because trucks run longer production cycles than cars and are simpler to build; yet, with a 25% import duty, prices are strong.

Second ace: the Lincoln Town Car, which benefited from America's renewed love affair with big, old-fashioned luxury cars. With an estimated profit of $7,000 to $8,000 each and more than 120,000 sold in 1986, the Town Car probably pumped $1 billion in profits into Ford last year.

Third ace: Europe. Quitting the costly drive for market share and stressing productivity reaped $400 million in pretax profits for Ford's European operations in the first half alone. Says Donald Petersen, Ford's chairman, "This one part of our company is establishing for all of us that you can be in an environment of excess capacity and still be profitable. That gives our North American crew more of a sense of confidence that we can do it here, too."

Fourth ace: cost containment. When the bad days came after the second oil shock, Ford started downsizing, and never stopped. Since then, the U.S. salaried work force has been scaled down continually, despite record profits, from 86,300 in 1979 to 67,800, excluding 6,100 who came into Ford with acquisitions. That means a long-run saving of about $150 million a year.

Every silver lining, of course, has its cloud. All this success is likely to make Ford the target of a hungry UAW in this year's contract talks.

Americans bought 16 million cars and trucks last year, more than ever before. Normally, that would mean expansion, added capacity, more jobs at Detroit's Big Three. But Asian producers are planning to build new assembly plants in the U.S. and Canada capable of building 2 million more vehicles. This means overcapacity, say Detroiters. So, they don't expand and load up on Asian cars, too.

punished Japanese carmakers' profits.

During the year a record 16 million vehicles were sold to U.S. buyers, with more than a fourth of the business going to non-U.S. firms. But the most important development centered on so-called immigrant plants in North America. VW, Nissan, Toyota and Honda are already rolling cars from such plants. Mazda goes into production later this year from an assembly plant just outside Detroit, to be followed by a Mitsubishi plant in Illinois, a joint Subaru/Isuzu plant in Indiana and another Toyota plant in Kentucky. Coming, too, in Canada are plants for Toyota, Honda, Hyundai and Suzuki, which is having amazing success with its Jeep-like Samurai. Altogether the immigrants will have North American capacity for about 2 million cars early in the 1990s.

The proliferation could bring a severe overcapacity. Carmakers like Ford and Chrysler are, in fact, short of capacity, but they fear expanding in the face of the immigrant invasion and instead have plans to increase their own imports from

Automotive

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Automobiles and trucks													
Subaru of America	●/●	1	49.9%	34.4%	13.8%	4.8%	2	13.1%	39.4%	3	32.5%	27.4%	very high
Ford Motor	●/●	2	14.6	26.5	17.3	5.3	5	8.6	16.2		NM	32.4	NM
General Motors	NA/NA	3	13.3	12.9	32.8	3.5	4	11.0	10.1	2	90.0‡	–7.7	high
Paccar	●/●	4	12.0	6.8	1.7	2.7	8	4.5	–8.2	4	1.8	–44.7	very low
Fruehauf	53/42	5	6.0	5.8	88.3	1.4	7	5.6	1.4		NM	–54.7	NM
Mack Trucks	●/DD	6	def	def	21.7	def	6	7.0	–20.2		NM	D–D	NM
American Motors	●/DD	7	def	def	544.1	def	3	11.8	–8.1		NM	D–D	NM
Navistar Intl	●/DD	8	def†	def	704.6	def	9	–11.5	–4.3		NM	D–D	NM
Chrysler	●/●	9	NE	31.1	46.6	5.9	1	19.5	3.9	1	161.6‡‡	–19.6	very high
Medians			**6.0**	**6.8**	**32.8**	**2.7**		**8.6**	**1.4**		**NM**	**–44.7**	
Automotive parts													
Snap-on Tools	●/●	1	19.9%	19.1%	4.1%	10.1%	10	7.7%	10.5%	9	10.3%	6.8%	high
Rockwell Intl	15/19	2	19.8	21.1	19.6	5.0	6	10.2	8.5	4	16.9	3.0	very high
Lear Siegler	33/48	3	18.5	9.7	34.3	2.4	8	9.7	7.1	13	3.9	–35.6	average
Colt Industries	34/38	4	16.8	26.0	76.2	6.9	26	–5.8	–13.4		NM	–20.4	NM
Sealed Power	86/NA	5	15.6	10.8	53.6	4.3	2	19.0	8.9	5	15.2	–16.0	average
Federal-Mogul	79/87	6	15.2	12.9	38.7	4.7	18	4.0	3.6	11	7.5	0.9	average
Johnson Controls	41/49	7	15.1	12.4	17.5	3.6	5	11.6	47.7	6	13.7	–1.9	very high
Echlin	●/●	8	14.4	16.0	22.2	5.4	1	19.9	16.9	3	34.2	0.9	very high
PPG Industries	44/44	9	13.8	17.7	51.1	6.6	11	7.1	6.3	10	9.4	13.8	average
Cummins Engine	●/●	10	13.4	def	41.2	def	16	5.2	0.2	2	34.8‡	P–D	very low
Purolator Courier	23/PD	11	13.1	def	83.6	def	13	6.2	3.4		NM	D–D	NM
Borg-Warner	33/40	12	13.0	12.9	23.5	6.1	12	6.7	–8.9	12	6.0	26.9	average
TRW	36/41	13	12.6	14.3	64.5	2.4	19	3.9	–0.7		NM	126.8	NM
Dana	78/87	14	11.6	9.6	36.6	3.1	9	8.9	1.2	7	13.4	–33.0	average
Arvin Industries	56/81	15	11.5	17.0	22.5	4.8	3	14.7	6.9	1	36.8	19.1	very high
Eaton	42/66	16	9.2	10.6	36.7	3.9	20	3.2	4.0		NM	–39.2	NM
Allied-Signal	30/23	17	6.9	def	57.7	def	4	13.8	12.9		NM	P–D	NM

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ‡‡Three-year growth. For further explanation, see page 61.

manufacturers in Taiwan, Thailand, Korea, Japan, Mexico.

At GM, in contrast, overcapacity is a symptom of internal problems. Chairman Roger Smith vows that better days are coming, with more appealing cars, lower production costs and a leaner bureaucracy. But Smith also must contend with rumors that the troubles will bring his personal downfall. But there hasn't been a palace revolt at GM since 1920, when founder Billy Durant was pushed out.

Among suppliers the big news involved takeovers. GAF and Irwin Jacobs were snarling at Borg-Warner, James Goldsmith greenmailed Goodyear, Sumitomo Rubber bought Dunlop Tire, Lear Siegler agreed to be acquired by Forstmann Little for $2.1 billion, and Ex-Cell-O was taken over by Textron. In this corner of the business at least, partsmakers worry whether the Japanese immigrants will buy from them and whether sales of replacement parts will turn up as more cars get older. Still, the message for market players seems to be: Forget return on equity; check out bust-up value. ■

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Champion Spark Plug	62/62	18	6.7%	def	8.1%	def	24	0.4%	2.5%	14	–12.6%	P–D	high
Allen Group	●/●	19	6.0	7.9%	21.1	2.6%	22	1.9	14.4		NM	–32.9%	NM
Fruehauf	35/52	20	6.0	5.8	88.3	1.4	14	5.6	1.4		NM	–54.7	NM
Day International	28/29	21	5.9	9.1	79.9	1.9	17	4.7	–0.9	8	11.3	16.0	very low
Barnes Group	88/82	22	4.7	14.4	36.7	3.8	23	0.6	1.7		NM	74.0	NM
AO Smith	65/NA	23	1.1	15.2	54.0	3.7	15	5.4	3.4		NM	D–P	NM
Chicago Pneumatic	37/DP	24	def	def	48.6	def	25	–3.6	–28.6		NM	P–D	NM
Eagle-Picher Inds	37/39	25	def	def	32.5	def	21	2.9	0.9		NM	P–D	NM
Clark Equipment	26/65	26	def	def	55.3	def	27	–8.4	–6.0		NM	D–D	NM
Varity Corp	30/34	27	NE	34.1	161.6	2.6	28	–16.9	1.3		NM	D–P	NM
Masco Industries	55/70		NA	13.5	417.1	1.9	7	9.9	9.9		NA	–42.7	NA
Medians			**11.6**	**11.6**	**40.0**	**2.9**		**5.5**	**3.4**		**–12.6**	**–26.7**	
Recreational vehicles													
Fleetwood Enterprises	56/70	1	20.5%	13.7%	0.0%	3.1%	1	29.3%	–2.6%	1	121.7‡%	–24.8%	very high
Coachmen Industries	89/NA	2	18.5	2.1	8.9	0.5	2	28.0	–10.3	2	20.5‡	–70.3	very low
Skyline	31/44	3	6.2	8.5	0.0	3.4	3	2.9	–2.8	3	7.0	17.5	average
Medians			**18.5**	**8.5**	**8.9**	**3.1**		**28.0**	**–2.8**		**20.5**	**–24.8**	
Tire and rubber													
Cooper Tire & Rubber	●/●	1	19.2%	12.3%	14.2%	3.8%	2	10.5%	7.2%	2	2.8%	8.6%	very low
Armstrong Rubber	82/51	2	12.0	def	85.9	def	1	11.4	4.2	3	–3.6‡	P–D	very low
Goodyear	80/72	3	11.1	9.1	53.3	3.2	4	3.1	4.0	1	5.0	–26.9	average
GenCorp	38/22	4	5.8	10.5	20.7	3.3	3	6.7	5.4	4	–6.7	159.9	very low
Firestone	88/60	5	4.9	0.7	24.1	0.1	6	–4.0	–4.8		NM	–85.2	NM
BF Goodrich	43/43	6	def	def	62.3	def	5	1.4	–13.0		NM	D–D	NM
Medians			**8.5**	**4.9**	**38.7**	**1.7**		**4.9**	**4.1**		**–5.2**	**–56.1**	
Industry medians			**11.5**	**10.1**	**36.7**	**2.9**		**6.5**	**3.0**		**–3.6**	**–29.9**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

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BANKS AND THRIFTS

Call it economic Darwinism: As the strong banks got stronger, the weak banks got weaker. For 1987, more of the same.

By Tatiana Pouschine

WITH WRITEOFFS AND LOAN LOSSES at the highest levels ever, banking industry return on equity barely increased to 15.5%, from 15.4% the year before. There was a silver lining: an overall increase in loan loss reserves in spite of record charge offs against these reserves. Banks rushed to step up loan loss reserves before the new tax bill made them nondeductible, even though the additions to reserves penalized earnings. Did that mean that loan loss writeoffs were behind the banks? By no means. It did mean that most banks were in good shape to withstand further loan losses.

While there were exceptions, return on equity declined for most money center and multinational banks. In addition to the cost to earnings from higher reserves, the old core business of supplying credit to large corporate borrowers continued to shrink, as firms turned increasingly either to investment banks or directly to the capital markets for their financing needs. Commercial and industrial loans for the large New York banks actually declined by 6% during the year. Says analyst Allerton Smith of L.F. Rothschild, Unterberg, Towbin, higher noninterest income, which includes fee income and trading profits, appears partly to have filled the gap. Hardest hit was BankAmerica. Helped by gains on securities and skyrocketing fee income, J.P. Morgan was one of the best performers.

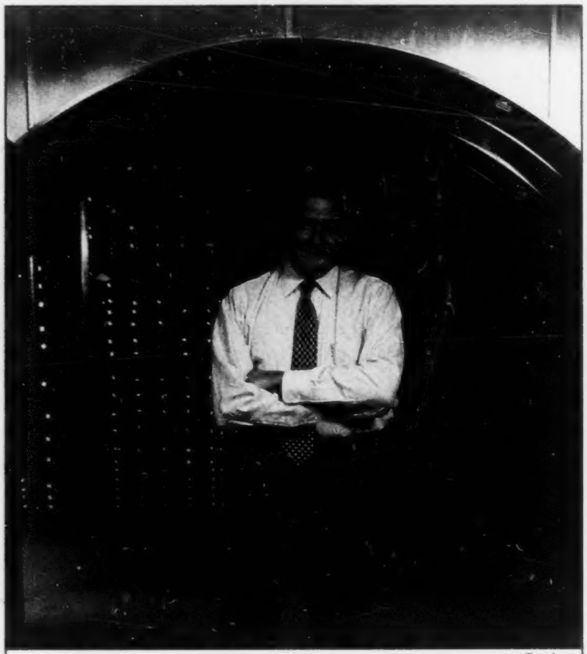
Banks and thrifts

Yardsticks of management performance

	Profitability					**Growth**						
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Multinational												
Bankers Trust NY	1	17.2%	17.5%	70.2%	8.7%	6	3.3%	1.7%	5	6.3%	14.5%	average
JP Morgan	2	16.1	19.7	40.7	12.6	7	2.7	2.3	1	13.2	19.5	very high
Citicorp	3	15.5	13.4	256.6	4.3	1	7.7	5.8	2	13.0	–7.2	very high
Chemical New York	4	15.4	14.7	48.9	7.2	4	3.9	–4.9	4	7.7	–0.9	very high
Bank of Boston	5	15.4	15.6	87.6	6.1	3	6.4	–0.1	3	9.4	–1.6	very high
Irving Bank	6	13.6	13.5	58.0	6.5	10	0.6	–5.8	6	2.9	16.4	low
Manufacturers Hanover	7	13.4	12.4	209.6	5.1	2	7.6	–5.7	7	2.7	6.1	average
Chase Manhattan	8	12.8	13.4	59.2	6.0	8	1.6	–1.1	8	2.2	11.0	very low
First Chicago	9	8.7	13.0	41.9	6.3	5	3.5	–9.2	9	0.9	61.9	very low
BankAmerica	10	5.0	def	133.1	def	9	0.7	–8.8		NM	D–D	NM
Continental Illinois	11	def	4.1	60.4	3.7	11	–11.3	–13.1		NM	–80.7	NM
Medians		**13.6**	**13.4**	**60.4**	**6.1**		**3.3**	**–4.9**		**2.9**	**6.1**	
Northeast												
State Street Boston	1	21.3%	19.0%	18.2%	10.4%	10	9.3%	18.4%	1	18.5%	15.4%	high
Midlantic Banks	2	21.0	18.5	33.0	10.9	5	22.0	18.8	6	9.9	15.5	very high
Republic New York	3	18.9	16.4	97.7	10.3	11	6.9	13.8	13	2.1	26.3	average

D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 61.

Most improved


Carl Reichardt of Wells Fargo

Tom Lea

While banks across the country rushed to diversify into everything from investment banking to currency arbitrage and bond swaps, and were so eager for growth that they literally pushed money at astonished borrowers, one bank chose to stick with making money the old-fashioned way: by lending it out to creditworthy borrowers capable of actually paying back the money. During 1986 that commonsense strategy, helped along by the $1.1 billion acquisition of Crocker National Bank, brought Wells Fargo buoyant earnings, a higher stock price and recognition as the most improved bank of the year.

Presiding over this strategy was Wells Fargo's chairman and chief executive officer since 1983, Carl Reichardt. Not only did he work hard to upgrade the quality of the bank's loan portfolio, but Reichardt also fought hard, and successfully, to hold down costs. Result? Salaries, one of the largest single expense categories for any bank, rose by less than 3% during the two years before the Crocker acquisition, as against 14.7% and 9.9% for such competitors as Security Pacific and Valley National.

Because of these efforts, Wells Fargo's return on equity rose by 7% during the year, to 15.3%, while return on assets rose to 0.74%, from 0.62% in 1984, and the stock nearly doubled. In all these categories, the once-troubled bank substantially outperformed nearly all its competitors. The bank now is neck-and-neck with Security Pacific as the top-performing bank on the West Coast. Says Reichardt of all this: "I'm looking beyond Security Pacific. Now we want to be just as good as Wachovia."

Yardsticks of management performance

	Profitability					Growth						
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Fleet Financial	4	18.7%	21.9%	117.6%	11.1%	9	13.7%	20.8%	2	14.7%	17.9%	very high
Hartford National	5	17.2	18.0	12.2	10.9	4	27.0	19.0	12	4.4	8.0	average
Bank of New England	6	16.2	18.5	28.1	8.9	6	16.4	9.4	7	9.8	17.6	high
First Fidelity Bncp	7	16.1	15.6	33.1	9.6	2	29.4	13.2	10	7.6	12.4	high
Bank of New York	8	15.8	17.0	48.9	8.7	12	5.5	10.0	4	12.1	12.6	very high
Norstar Bancorp	9	15.7	15.5	38.8	10.6	1	37.3	10.0	11	7.4	12.6	very high
BayBanks	10	15.3	16.8	21.3	8.6	8	13.8	11.4	8	9.5	16.9	high
KeyCorp	11	15.2	17.2	35.0	9.8	3	28.1	18.6	3	14.4	12.3	very high
Shawmut	12	13.4	14.1	45.6	8.4	7	14.6	20.6	5	10.9	1.4	very high
Marine Midland Banks	13	10.4	11.9	90.7	6.0	13	4.2	–7.1	9	8.3	43.4	average
Medians		**16.1**	**17.0**	**35.0**	**9.8**		**14.6**	**13.8**		**9.8**	**15.4**	
Mid-Atlantic												
CoreStates Financial	1	19.1%	16.5%	48.4%	11.1%	11	10.3%	7.4%	1	27.9%	–34.7%	high
PNC Financial	2	17.8	20.1	48.9	12.1	10	11.3	8.6	5	14.4	21.0	very high
Continental Bancorp	3	17.5	17.4	4.2	11.0	2	15.2	5.6	10	7.0	11.2	high
United Virginia Bkshs	4	17.3	17.0	31.3	9.4	6	13.9	17.5	6	12.9	10.9	very high
Fidelcor	5	17.3	17.7	31.6	8.1	4	14.6	17.2	3	25.7	13.9	high

D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 61.

Stocks of regional banks in economically vibrant sections of the country fared better than the money center banks, as evidenced by the price/earnings premiums their stocks enjoyed. One reason for the high prices was merger fever, which began sweeping the industry after the U.S. Supreme Court in June 1985 legalized regional compacts on interstate banking. In the Northeast, for example, where activity was particularly robust, 10 out of the 13 banks on our list went in search of merger opportunities.

Regulators in Texas faced severe problems, as their banks bled heavily from sour energy and deteriorating real estate loans. The legislators opened their state to interstate banking

Banks and thrifts

Yardsticks of management performance

	Profitability					**Growth**						
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Sovran Financial	6	17.1%	17.7%	29.4%	9.9%	5	14.0%	–3.2%	4	15.0%	9.5%	very high
Meridian Bancorp	7	15.2	15.4	25.5	8.9	1	15.5	12.6	9	9.9	3.0	high
Signet Banking	8	15.0	19.0	57.0	9.3	9	13.0	11.8	2	27.7	19.6	very high
Maryland National	9	14.9	18.8	44.0	9.1	3	14.7	13.9	7	11.4	24.3	high
Dominion Bankshares	10	13.8	15.9	22.1	8.3	8	13.6	8.1	8	10.1	11.8	average
Mellon Bank	11	12.7	12.2	82.4	6.2	7	13.8	5.4	12	3.1	3.7	low
Riggs National	12	12.5	13.5	62.9	7.9	12	8.2	–5.9	11	4.8	10.3	average
First Pennsylvania	13	def	def	35.4	3.6	13	–6.1	–4.4		NM	D–D	NM
Medians		**15.2**	**17.0**	**35.4**	**9.1**		**13.8**	**8.1**		**11.4**	**10.9**	
North central												
Banc One	1	18.9%	18.0%	11.7%	11.3%	1	32.6%	15.2%	3	13.6%	15.1%	very high
Boatmen's Bancshares	2	16.8	14.5	28.4	9.8	2	23.0	16.1	9	9.7	0.2	very high
First of America Bank	3	15.6	17.2	13.3	9.2	3	18.5	8.8	2	19.4	2.5	very high
Marshall & Ilsley	4	15.2	16.3	44.0	9.2	8	12.9	18.3	6	11.7	14.0	very high
Huntington Bcshs	5	14.5	15.7	33.7	8.5	4	18.5	12.3	12	6.9	8.8	average
Mercantile Bancorp	6	14.4	13.3	30.8	8.3	14	4.7	7.2	15	2.7	10.9	average
First Bank System	7	13.5	15.9	91.9	6.4	9	11.9	21.3	10	9.0	18.6	high
National City	8	13.5	20.1	24.7	10.0	5	16.7	4.1	5	12.9	23.4	high
First Wisconsin	9	12.4	12.9	24.3	7.4	17	2.2	9.4	14	3.0	19.2	average
Society	10	12.4	15.9	29.8	9.3	6	15.1	4.8	7	10.6	24.6	very high
NBD Bancorp	11	11.5	14.2	39.0	8.8	13	5.2	5.1	8	10.5	19.8	high
Commerce Bcshs	12	11.4	11.8	18.5	7.9	11	11.4	–2.3	4	13.0	6.2	low
Comerica	13	10.8	10.5	22.5	5.6	7	13.7	–8.5	13	6.0	0.7	high
AmeriTrust	14	10.7	11.2	14.1	11.0	16	3.1	12.7	11	7.3	4.9	average
Manufacturers Natl	15	10.4	14.9	18.3	8.9	15	3.9	2.0	1	27.2	17.6	average
Norwest	16	9.6	8.9	143.7	4.6	10	11.5	–6.6	18	–9.3	–3.0	average
Centerre Bancorp	17	9.1	9.3	34.2	5.9	18	1.3	–2.4	16	–6.7	12.6	average
Northern Trust	18	8.4	12.3	23.1	6.4	19	1.1	3.3	17	–7.1	83.2	low
Michigan National	19	5.2	12.2	13.2	5.9	12	5.5	–0.2		NM	45.8	NM
Medians		**12.4**	**14.2**	**24.7**	**8.5**		**11.5**	**5.1**		**9.0**	**14.0**	
Southeast												
First Wachovia	1	18.5%	17.8%	25.6%	10.5%	6	14.6%	1.3%	3	20.9%	–2.0%	very high
SunTrust Banks	2	18.5††	17.5	29.6	9.8	3	22.6	8.2	6	14.7	11.2	very high
Barnett Banks Fla	3	18.1	18.0	23.2	8.7	1	29.9	12.5	5	17.1	13.9	very high
Citizens & Southern	4	16.7	18.4	35.4	9.4	7	13.4	16.5	8	12.3	13.7	very high
First Union	5	16.6	19.1	35.9	11.1	5	14.7	11.9	2	21.0	12.8	very high
NCNB	6	16.5	17.4	38.1	8.7	4	19.9	25.5	7	13.0	7.8	very high
Third National	7	16.2	17.4	16.0	10.4	10	11.0	2.2	4	18.1	12.2	very high
Florida Natl Banks	8	15.9	12.4	11.5	7.6	2	25.1	5.5	1	40.2	–47.6	high
First Tennessee Natl	9	14.8	16.1	20.2	8.2	8	11.5	3.4	9	11.1	5.3	very high
Southeast Banking	10	13.3	15.3	41.6	7.6	9	11.3	0.9	10	1.1	41.0	low
Medians		**16.6**	**17.5**	**27.6**	**9.1**		**14.7**	**6.9**		**15.9**	**11.7**	
South central												
Allied Bancshares	1	25.5%	1.3%	17.0%	0.9%	2	28.3%	–15.1%	1	15.2%	–93.3%	very high
Texas Commerce Bcshs	2	17.7	1.0	23.5	0.7	4	11.8	–14.4	5	–8.5	–90.4	very low
MCorp	3	17.4	def	54.2	def	1	29.0	–0.7	3	–0.2	P–D	very low
RepublicBank	4	15.6	6.4	40.3	3.9	5	9.5	–7.9	2	1.4	–47.7	very low

D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 61.

this month in hopes of attracting capital to help shore up the shaky local banks. Though the smoke hasn't cleared, Chemical Bank agreed to buy Texas Commerce Bancshares.

The savings and loan picture was a contrast between poverty and prosperity. Money poured into some thrifts, but others were on the ropes. The burden of the weaker thrifts raised questions about whether the Federal Savings & Loan Insurance Corp. (FSLIC), with $2 billion in reserves, has resources to indemnify insured depositors should failures sweep the system. The U.S. Treasury calculated that FSLIC should boost its reserves by $25 billion, but Congress, in a rare economy move, refused to increase funding. ■

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Texas American Bcshs		5	13.0%	def	44.8%	def	3	13.1%	–6.3%	4	–7.4%	P–D	low
First City Bancorp		6	10.6	def	37.5	def	6	9.2	–16.2	6	–26.5	P–D	high
InterFirst		7	8.5	def	61.6	def	7	7.6	–15.7		NM	P–D	NM
Medians			**15.6**	**def**	**40.3**	**def**		**11.8**	**–14.4**		**–7.4**	**P–D**	
Western													
Security Pacific		1	16.4%	15.7%	174.2%	6.3%	1	10.3%	9.8%	1	10.0%	8.6%	very high
Valley National		2	14.1	12.0	47.7	6.1	2	10.1	3.0	5	4.6	–13.0	low
Rainier Bancorp		3	13.9	13.5	64.0	8.2	7	6.2	0.7	2	9.9	5.7	high
Wells Fargo		4	13.7	15.3	208.7	6.6	9	3.9	7.5	3	9.0	18.2	high
First Interstate Bncp		5	13.7	12.6	139.1	6.4	4	7.9	2.5	6	3.3	9.0	average
US Bancorp		6	13.4	13.0	54.3	9.0	5	7.6	1.7	7	1.3	15.7	very low
United Banks of Colo		7	12.9	9.1	15.0	5.8	3	9.3	1.3	4	4.9	–24.9	low
First Security		8	10.5	5.8	48.8	3.6	6	7.2	–0.2	9	–16.3	13.3	average
California First Bank		9	8.2	10.3	16.9	5.2	8	6.2	2.5	8	–4.8	15.1	very low
Medians			**13.7**	**12.6**	**54.3**	**6.3**		**7.6**	**2.5**		**4.6**	**9.0**	
Thrift institutions													
Columbia S&L		1	50.0%	30.2%	60.6%	17.1%	1	119.6%	25.0%	4	20.2‡‡%	28.9%	average
American Continental		2	33.8	24.0	1141.1	3.2	17	22.9	16.4	2	81.3	–48.9	high
Western S&L		3	30.5	66.7	106.1	8.4	13	24.0	13.1		NM	60.3	NM
Golden West Finl		4	22.7	38.6	20.2	13.3	18	22.0	4.4		NM	33.9	NM
Entex	33/DD	5	19.7	def	130.8	def	27	4.6	–19.1	5	3.5	P–D	very low
CityFed Financial		6	18.8	21.0	40.4	5.4	4	37.6	10.1	3	53.2‡‡	–17.5	high
Finl Corp of America		7	12.7	118.2	267.8	3.8	2	87.1	2.8		NM	D–P	NM
United Financial		8	6.8†	def	844.6	def	9	27.0	46.8		NM	P–D	NM
HF Ahmanson		9	5.8	24.0	55.2	9.4	24	17.8	4.4		NM	63.5	NM
Gt Western Financial	75/84	10	5.0	23.3	59.8	7.9	8	30.0	10.0		NM	71.4	NM
Gibraltar Financial		11	3.1	19.2	257.8	4.3	21	20.6	9.3		NM	25.9	NM
Imperial Corp of Am		12	def†	10.8	246.3	1.9	23	18.0	1.3		NM	436.0	NM
Amerifirst Federal			NA	NA	331.9	6.2	26	8.9‡	14.9		NA	NA	NA
CalFed			NA	16.9	15.4	6.9	6	32.2	2.5	1	156.3‡‡	21.3	high
Carteret Savings			NA	14.5	195.6	4.8	3	38.7	–2.8		NA	1.2	NA
CenTrust Savings			NA	def	570.2	1.2	11	24.7	18.8		NM	P–D	NM
Coast S&L Assoc			NA	12.4	169.1	5.2	20	20.9	20.0		NA	NA	NA
CrossLand Savings			NA	17.4	240.4	4.6	10	26.2	–4.5		NA	–6.2	NA
Dime Savings Bank			NA	NA	95.9	8.8	25	9.4	NA		NA	NA	NA
First Federal Mich			NA	31.8	148.7	7.8	7	30.9	9.5		NA	78.5	NA
Florida Federal S&L			NA	def	85.1	def	19	21.8	–5.4		NM	D–D	NM
GlenFed			NA	13.3	28.4	5.6	14	23.8	18.8		NM	76.7	NM
Gt Am First Savings			NA	18.4	84.1	7.0	15	23.1	35.1		NA	103.8	NA
Home Federal S&L			NA	14.8	27.3	9.1	22	19.7	0.9		NM	71.0	NM
MeraBank			NA	18.3	125.5	5.8	5	33.3	14.1		NA	51.9	NA
Meritor Financial			NA	def	82.2	def	12	24.2	5.4		NA	P–D	NA
TCF Banking & Saving			NA	NA	15.3	2.1	16	22.9‡	NA		NA	NA	NA
Medians			**15.8**	**17.9**	**106.1**	**5.4**		**23.8**	**9.5**		**NM**	**27.4**	
Industry medians			**15.0**	**15.5**	**41.9**	**7.8**		**13.7**	**5.4**		**7.6**	**12.0**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

DD: Segment deficit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 61.

BEVERAGES AND TOBACCO

People are smoking less, but you wouldn't know it from the healthy bottom lines of the cigarette makers.

By Harold Seneker

EVEN AS EVIDENCE MOUNTS that smoking is a health hazard—to bystanders as well as to smokers—cigarette makers' profits have risen. Unit sales of cigarettes fell 1½% to 2% this year, but price increases more than compensated for the slippage. Cigarette makers raised prices 9% this year net of excise taxes, while cutting manufacturing costs by relentless automation. Price supports for leaf tobacco keep dropping ($1.430/lb. this year, vs. $1.650 last year and $1.699 the year before), so the raw materials cost goes down. The glorious cash flow from all this allows the majors (RJR Nabisco, Philip Morris, American Brands) to reach for acquisitions—witness American Brands' recent unsuccessful $2.8 billion bid for Chesebrough-Pond's—and otherwise diversify. And they all seem to understand what side businesses they should be in: brand-name consumer products, which depend heavily on the marketing expertise that cigarette companies have developed to a fine art.

The outlook for 1987 is more of the same. And 1988 should be even better. Cigarette companies tend to be fully taxed, so tax reform's lower brackets, when they take full effect, will mean another boost in cash flow and earnings. (There is another side to all this. Falling tobacco prices hurt middlemen who deal in tobacco leaf, such as Dibrell Brothers and Standard Commercial Tobacco. Dibrell is expanding in Brazil, where cigarette use is rising, and Standard has bought itself a position buying and selling wool worldwide.)

The beer industry, by contrast, is in the end game of a decade-long shakeout as Anheuser-Busch relentlessly adds to its indisputably dominant position (nearly 39% last year, headed toward 40%-plus this year, estimates Rothschild, Unterberg, Towbin analyst David Goldman). Meanwhile, Philip Morris' Miller beer continues to tighten its grip on second place (20% in 1986). Heileman (8.5%) and Coors (8.5%) did well to hold their own.

Similarly, the soft drink market by now is pretty much dominated by the two majors, Coke and Pepsi. (A Dallas

Beverages and tobacco

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in —segment— sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Alcoholic beverages													
G Heileman Brewing	83/86	1	25.0%	15.9%	43.9%	4.0%	3	11.5%	–0.2%	4	4.9%	10.4%	low
Brown-Forman	68/83	2	21.9	17.7	46.0	8.3	1	17.4	10.7	2	9.2	9.3	average
Anheuser-Busch Cos	77/●	3	20.3	19.7	33.8	6.5	2	17.4	8.2	1	16.8	12.9	very high
Seagram	●/●	4	11.4	11.5	26.0	17.9	5	2.8	11.0	3	5.0	40.1	low
Adolph Coors	84/●	5	7.0	6.7	0.0	4.8	4	7.8	5.4	5	–1.8	34.4	very low
Medians			**20.3**	**15.9**	**33.8**	**6.5**		**11.5**	**8.2**		**5.0**	**12.9**	
Soft drinks													
General Cinema	61/71	1	35.3%	22.7%	68.4%	8.9%	3	4.6%	4.8%	1	33.8%	–25.9%	high
Coca-Cola	69/76	2	22.6	26.9	34.6	8.8	1	6.5	19.0	2	9.1	23.1	very high
PepsiCo	38/30	3	18.6	23.6	123.0	4.8	2	5.3	12.8	3	8.1	–14.1	low
Medians			**22.6**	**23.6**	**68.4**	**8.8**		**5.3**	**12.8**		**9.1**	**–14.1**	

●90% or more. NA: Not available. For further explanation, see page 61.

Most improved

Loews Chairman Laurence Tisch

Maria Robledo

Loews, on top of getting the plush earnings gains of other cigarette companies, also had a kicker last year: a dramatic turnaround in its insurance business. Lorillard, the fourth-largest cigarette manufacturer, with its Newport, Kent and True brands, contributed some 40% of Loews' profits. But Loews also owns 80% of giant insurer CNA and consolidates the results. Consequently, by year's end Loews is likely to show an estimated 30% earnings increase over 1985 levels. For 1987 gains of another 20% to 25% over 1986 earnings are not unlikely, particularly if CBS—one-quarter owned by Loews—returns to its traditional level of profitability.

Considering all that, the fact that Loews shares have continued to trade at a lower multiple—recently, 10 times current earnings—than its competitors in many of its major markets suggests that Wall Street has not yet fully realized the investment value inherent in the company. With a record of steady 30% annual earnings gains in the last three years, Loews looks to be that rare breed among U.S. companies, a firm that can acquire diverse businesses and make them better—without accounting mirrors.

partnership, Hicks & Haas, is rounding up the few brands not owned by the big two—Seven-Up, Dr Pepper, Squirt, A&W. But, argues Goldman, "They have to get Royal Crown Cola to compete," and that's still held by the notorious financier Victor Posner.)

PepsiCo, while not conceding defeat in the cola wars, is redirecting ever more effort into snack foods and restaurants—last year agreeing to acquire Kentucky Fried Chicken from RJR Nabisco for $840 million, and adding nut-based snacks to its Frito-Lay line. A recent management shakeup seemed aimed at improving Frito-Lay's profits, which already contribute 40% of operating income. Beverages are now up to about 36%.

Coke still gets three-quarters of its profits from soft drinks and is working hard to solidify its leadership position. After buying up two of its most important regional bottlers for $2.4 billion, the firm turned around and spun off 49% of them as Coca-Cola Enterprises. This move gets the debt off the parent company's balance sheet while still guaranteeing control over the bottling operations. Directly or through Enterprises, Coca-Cola now controls 38% of its bottling and is believed to be aiming for at least 50%. ■

Beverages and tobacco

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Tobacco													
US Tobacco	86/●	1	30.0%	31.2%	15.4%	20.3%	2	13.8%	6.8%	3	19.6%	14.5%	very high
Philip Morris Cos	66/●	2	25.1	29.3	112.9	6.8	4	9.4	97.8	4	15.6	29.9	very high
Culbro	47/NA	3	24.0	18.2	19.1	3.0	1	24.8	–3.8	7	7.2	161.3	very low
Loews	17/48	4	22.9	22.9	44.4	7.2	5	7.6	30.4	2	23.3	1.8	high
RJR Nabisco	40/66	5	22.8	19.8	84.8	6.6	3	12.0	42.6	5	10.1	–11.2	high
Dibrell Brothers	●/●	6	21.4	16.0	11.2	3.2	7	2.2	–10.8	1	37.2	–0.7	very high
American Brands	33/57	7	19.8	14.6	26.3	6.5	6	2.5	24.5	8	1.3	–11.4	low
Universal Leaf	72/70	8	19.1	16.6	30.5	3.5	9	0.5	13.3	6	9.9	1.9	very high
Std Cdmmercial Tob	73/78	9	15.9	12.2	17.2	2.0	8	1.9	19.7	9	–3.2	35.9	low
Medians			**22.8**	**18.2**	**26.3**	**6.5**		**7.6**	**19.7**		**10.1**	**1.9**	
Industry medians			**21.9**	**18.2**	**33.8**	**6.5**		**7.6**	**11.0**		**9.2**	**10.4**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. NA: Not available. For further explanation, see page 61.

CHEMICALS

After major pain and loss, things look better now for the chemical industry, and the weaker dollar will be a big help.

By Ruth Simon

IT WAS LIKE THE WILD WEST. Come out shooting or be shot." So says one analyst of the colossal restructuring that shook the chemical industry in 1986.

In large part cutbacks were needed to make up for past excesses. Chemical makers expanded hastily in the Seventies, planning and spending for a boom that never arrived. The result? Overcapacity, which now is being shed. Meanwhile, companies are seeking new niches to provide greater income.

The weaker dollar is also fueling activity. During 1986 foreign chemical makers boosted to about 30% the share of the U.S. industry they control, up from just 17% in 1980. Most notable were West Germany's Hoechst A.G.'s $285 billion announced purchase of Celanese, and France's L'Air Liquide SA's $1.05 billion purchase of Big Three Industries. The Japanese made inroads as well, with Dainippon Ink & Chemicals' $550 million purchase of a Sun Chemical unit.

Most improved

"We have been doing what we've said we're going to do," says Monsanto Chairman Richard Mahoney, who has been moving his company out of petrochemicals and into a portfolio of specialty products and pharmaceuticals for at least five years. His success earned Monsanto the title of most improved chemicals company in 1986. You have to look past reported net earnings. They were down 87.5% from 1985 levels because of writedowns, but the company is beginning to reap rewards. A strong showing in agriculture and chemicals pushed operating income for the full year up about 120% over 1985 levels, and net income for the full year will exceed $400 million, after last year's loss. With asset sales and healthy cash flow, Mahoney cut debt by more than $2 billion.

James Schnepf/Wheeler Pictures

Monsanto's Richard Mahoney

Mahoney hasn't run out of problems. Prospects remain bleak for the money-losing electronics unit and the Fisher Controls division, a maker of valves and regulators for the oil industry. Three products—NutraSweet and herbicides Lasso and Roundup—account for nearly half of operating earnings. Lasso's patent expires this year, NutraSweet's in 1992. The solution? A commitment to research and development, which exceeded capital outlays for the first time last year. "I made 50 speeches to our scientific community," Mahoney says, "that we are in business in the pursuit of products—and I want the products now."

Chemicals

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Diversified													
Chesebrough-Pond's	39/26	1	19.0%	17.6%	106.2%	4.5%	3	12.1%	21.3%	9	–4.1%	9.7%	low
Univar	●/●	2	15.4†	7.4	128.4	0.6	6	4.0‡	–2.0	8	–2.2‡	–15.7	very low
Rohm & Haas	76/76	3	15.2	14.3	28.3	6.5	7	3.3	1.7	1	15.0	–2.5	high
Borden	32/32	4	13.7	15.3	37.2	4.3	10	0.8	6.0	2	9.4	14.8	very high
Borg-Warner	27/35	5	13.0	12.9	23.5	6.1	4	6.7	–8.9	3	6.0	26.9	average
FMC	38/41	6	12.0	16.1	NE	4.6	14	–1.0	–5.3	7	–2.2	236.1	very low
Hercules	44/28	7	11.6	13.8	29.8	8.0	11	0.3	1.7	4	1.4	33.2	very low
EI du Pont	37/21	8	11.3	12.7	24.9	5.7	2	14.7	–18.1	5	0.2	72.3	very low
American Cyanamid	51/32	9	10.9	9.9	34.2	4.3	8	0.9	3.7	6	–1.8	–0.3	very low
Celanese	49/40	10	10.8	22.2	42.7	7.0	16	–2.2	–5.4		NM	43.4	NM

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. For further explanation, see page 61.

Nevertheless, there was more than a trace element of good news for the industry in 1986. With less efficient plants being mothballed, chemical makers are now operating at about 81% of capacity, their best since 1979. That, plus lower oil prices and a weaker dollar, helped nudge overall earnings up 1.1% during the year, after a drop of about 30% in 1985, and operating earnings for the full year should be up about 35%. Diversified companies fared best, with a 12.3% earnings gain. Specialty companies like Williams Cos. and International Minerals & Chemicals posted losses resulting from the weakness in agriculture and oil.

The restructuring that dominated 1985 and 1986 isn't over. Companies will continue to shuck off weak assets and use the money to expand in areas of strength. "There are a lot of products where there may be 10 or 15 producers, and the bottom 5 can easily drop out," notes Drexel Burnham Lambert Managing Director William Young.

The search for higher profits is leading many companies to increase research and development spending and to move into value-added specialty chemicals, pharmaceuticals and consumer products. That has blurred the distinction between basic and specialty chemical firms; it may cause overcrowding as well. "The industry overall will show good gains in specialty chemicals," says Chemical Manufacturers Association economist Myron Foveaux, "but not everyone who works hard at it is going to win." ■

Chemicals

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Monsanto	77/●	11	8.7	1.0%	42.7%	0.6%	12	0.0%	7.8%		NM	–87.5%	NM
National Distillers	52/37	12	7.6	7.6	48.8	3.8	5	4.8	6.1	10	–12.4%	59.9	average
Dow Chemical	45/25	13	7.4	5.4	67.2	2.3	9	0.9	1.2	11	–32.3	–41.1	average
Pennwalt	67/73	14	4.7	7.9	38.5	3.5	17	–2.3	7.2		NM	D–P	NM
Reichhold Chemicals	●/●	15	4.1	def	48.0	def	18	–2.7	–1.4		NM	P–D	NM
Olin	65/44	16	4.0	11.1	50.4	4.5	13	–0.3	–9.0		NM	D–P	NM
Union Carbide	56/68	17	3.1	30.0	439.7	7.2	15	–2.1	–22.0		NM	D–P	NM
Henley Group	NA/NA		NA	NA	3.0	def	1	24.5‡	NA		NA	NA	NA
Medians			**10.9**	**12.7**	**40.6**	**4.4**		**0.9**	**1.2**		**–4.1**	**12.3**	
Specialized													
Morton Thiokol	52/62	1	24.3%	17.1%	3.7%	6.8%	1	21.2%	4.6%	1	22.2%	–31.6%	average
Nalco Chemical	●/●	2	21.5	17.1	7.6	9.0	16	1.5	10.2	7	0.7	–9.2	very low
Intl Flavors & Frags	●/●	3	20.1	19.4	0.0	14.0	15	2.2	23.8	5	1.9	21.2	high
Vulcan Materials	30/21	4	15.8	16.5	14.2	9.0	6	6.1	–3.7	8	0.2	17.0	very low
Freeport-McMoRan	55/59	5	15.7	2.7	89.2	2.9	13	2.4	–15.4	13	–9.8	–83.8	average
Dexter	44/42	6	15.6	13.7	26.6	5.0	12	4.2	1.4	6	1.7	9.7	low
Witco	39/49	7	15.1	15.4	29.3	4.6	11	4.5	–6.5	3	9.3	10.8	average
Engelhard	26/72	8	15.0	9.7	21.8	2.2	23	–3.5	1.4	11	–9.1	1.1	average
Ethyl	45/53	9	14.3	20.6	44.4	10.3	21	–1.8	0.9	2	11.1	54.2	very high
Lubrizol	87/●	10	14.3	14.7	12.7	7.8	19	–0.7	7.5	14	–10.5	24.7	average
Air Prods & Chems	●/●	11	14.1	0.4	61.7	0.2	10	4.7	8.3	4	2.4	–96.6	low
Tyler	41/51	12	14.0	6.3	111.8	1.3	5	9.2	3.1	9	–1.7	–38.9	very low
Whittaker	37/40	13	14.0	def	21.2	def	25	–4.4	–50.8	17	–17.3	P–D	high
GAF	49/81	14	13.4	24.0	45.7	9.9	14	2.2	3.0		NM	31.0	NM
Economics Laboratory	67/●	15	12.7	18.3	23.0	5.4	9	5.1	10.0		NM	10.7	NM
Intl Minerals & Chem	70/DD	16	11.9	def	92.8	def	24	–3.7	–17.3	12	–9.2	P–D	average
WR Grace	55/62	17	11.6	6.8	91.7	2.5	22	–2.0	–24.1	16	–16.8	–7.6	high
CBI Industries	27/45	18	11.1	7.7	51.0	2.7	4	10.7	28.0		NM	D–P	NM
Liquid Air	84/●	19	10.5	10.6	53.4	6.0	7	5.7	6.2	10	–5.0	2.5	low
Cabot	50/43	20	9.6	13.1	85.5	5.6	18	0.7	–6.9		NM	D–P	NM
Ferro	●/●	21	8.2	8.2	31.9	2.3	20	–1.3	8.2	15	–13.9	24.7	average
Sun Chemical	72/67	22	8.0	12.5	89.3	4.8	2	12.0	–41.1	19	–23.7	25.3	average
Williams Cos	22/DP	23	7.0	def	159.5	def	3	11.9	–20.2	18	–19.5	P–D	low
NL Industries	39/●	24	5.7	def	56.6	def	27	–11.4	–42.4		NM	D–D	NM
Koppers	44/DP	25	def	def	40.6	def	26	–5.4	–22.8		NM	D–D	NM
BF Goodrich	43/51	26	def	def	62.3	def	17	1.4	–13.0		NM	D–D	NM
Inspiration Resources	36/DD	27	def	def	85.2	def	8	5.6	0.3		NM	D–D	NM
Medians			**13.4**	**9.7**	**45.7**	**2.9**		**2.2**	**0.9**		**–10.5**	**–7.6**	
Industry medians			**11.8**	**10.9**	**42.7**	**4.3**		**1.5**	**1.1**		[illegible]	**1.1**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–4.9**	**2.8**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. For further explanation, see page 61.

COAL

Mining coal today is like bringing water to the river. There is no quick solution to the problem of low demand.

By Kerry Hannon

THE NATION'S COAL INDUSTRY is struggling, but thanks to diversification, streamlined operations and improved productivity, the situation looks better than it did last year.

During 1986 six of the eight coal mining companies on our list posted 12-month profits; last year only one did. But the reason for the improvement is not a better market for coal. Says Nacco Industries (formerly North American Coal Corp.) Chairman Otes Bennett Jr.: "Coal is still in the doldrums. I don't see any real growth for the next two to five years." Instead, coal companies fared better because cost cuts achieved in the past few years began to take hold even as

Most improved

Much of the coal industry foundered in the face of weak demand, but not Nacco Industries. The nation's eighth-largest producer, with mines in Ohio, Pennsylvania, North Dakota and Texas, was able to improve productivity even as it boosted sales to utilities. At the same time, it diversified into a corner of the depressed heavy equipment market. For that bold achievement Chairman and Chief Executive Officer Otes Bennett Jr. has earned for his company the title of most improved in the coal industry for 1986.

Bennett's boldest move was his $33 million investment in Yale Materials Handling Corp., the third-largest producer of forklift trucks in North America. Says he: "Coal still looks terrible. But we knew Yale was turning around and it was the best move we could make." That move, Nacco's first diversification effort ever, might have seemed risky at the time. But with the attractive price Bennett paid for 85% ownership of the company in 1985, Yale Materials has become an important contributor to Nacco, representing a projected 16% of 1986 earnings.

Eric Smith/Gamma-Liaison

Nacco Industries' Otes Bennett Jr.

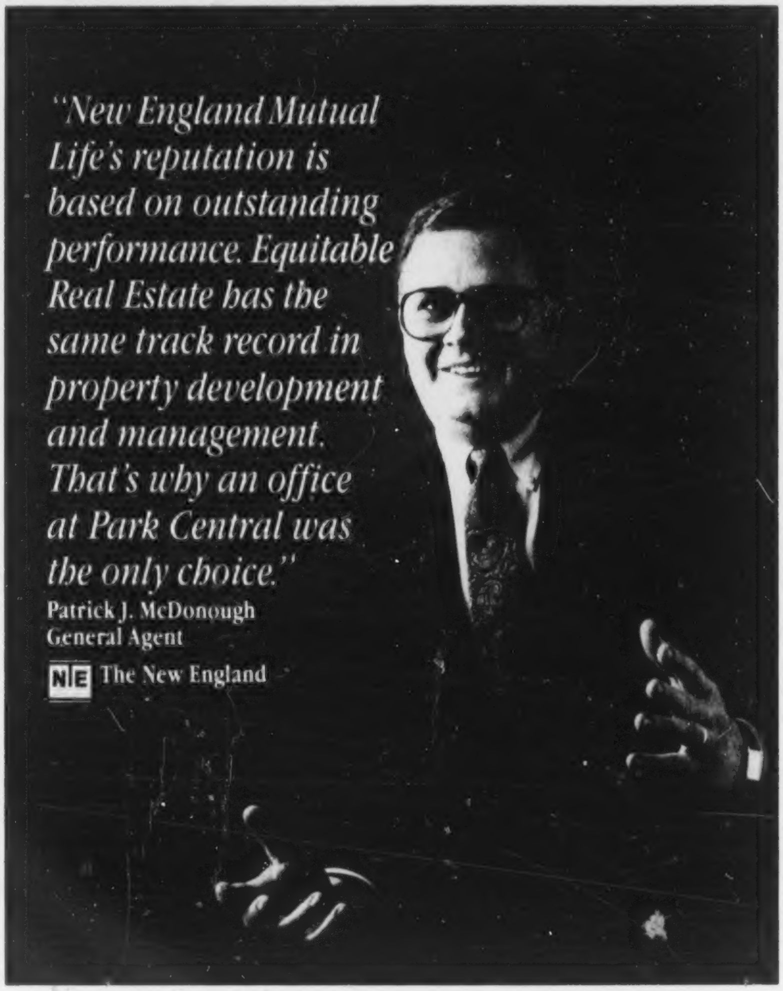
The company's overall financial numbers show just how much improvement Bennett orchestrated. In 1986 sales climbed 19.8% over 1985, to $597 million, and net income was up 47% to $37 million. With long-term debt of the parent company at $1.2 million and shareholders' equity of $181 million, earnings stability is high. Nacco obviously has plenty of staying power to ride out the current depressed market. And, despite Bennett's planned retirement in July, that seems to be exactly what investors should expect.

Coal

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Nacco Industries	70/55	1	18.1%	22.8%	378.3%	6.2%	6	3.4%	19.8%	1	65.7%	46.7%	high
PacifiCorp	23/NA	2	15.6	13.7	106.8	11.8	1	14.2	3.4	2	7.1	–13.5	average
Montana Power	24/21	3	14.4	18.2	74.7	19.7	4	4.7	15.3	3	1.2	111.0	very low
Eastern Gas & Fuel	38/DP	4	6.4	11.3	76.2	4.2	3	4.9	–6.5		NM	D–P	NM
Westmoreland Coal	86/●	5	def	11.3	29.5	3.4	5	4.2	1.3		NM	D–P	NM
Pittston	48/●	6	def	1.7	11.2	0.7	8	–13.0	0.7		NM	D–P	NM
AMAX	39/NM	7	def	def	112.7	def	7	–8.3	–32.7		NM	D–D	NM
Cyprus Minerals	55/●		NA	def	18.9	def	2	7.9	31.7		NM	D–D	NM
Industry medians			6.4	11.3	75.5	3.8		4.5	2.4		NM	–13.5	
All-industry medians			12.6	13.0	46.0	3.9		7.1	3.9		–0.9	2.8	

● 90% or more. **DP:** Segment deficit, total profit. D–D: Deficit to deficit. D–P: Deficit to profit. def: Deficit. NA: Not available.
NM: Not meaningful. For further explanation, see page 61.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companies diversified into a wide range of businesses—from forklift trucks to telecommunications and financial services.

Were it not for diversifications and cutbacks, the industry would be in parlous shape. Plunging oil prices prompted some utilities to switch from coal to oil. Steel, a primary customer, also continued to falter. Coal exports suffered as well, slipping to 86 million tons, a decline of nearly 24% since 1981.

In 1986, as a result, coal production declined 2 million tons, to 884 million tons. The weaker dollar was no help since most foreign competitors were suffering from even weaker currencies. A momentary demand increase is expected this year in anticipation of a potential United Mine Workers strike in January of 1988. But after that the outlook is for more of the slowdown that characterized the industry last year.

A momentary demand increase is expected this year in anticipation of a potential United Mine Workers strike in 1988. But after that the outlook is for more of the decline that characterized last year.

The companies that have done best in this environment, almost without exception, are those that have diversified away from coal and into other markets. The two newcomers to our chart, PacifiCorp (electric) and Montana Power (electric-gas), are both diversified utilities. PacifiCorp's declining coal sales were offset by higher telecommunications revenues from Pacific Telecom. Montana Power is benefiting from an $80.4 million rate increase received in 1985.

Other companies, such as Eastern Gas & Fuel Associates, held on through employee reductions and by closing unprofitable mines. Pittston Co. should record at least some productivity gains from new equipment in 1987. Amax, which is in the midst of a major restructuring, is holding on to coal, gold, aluminum and molybdenum operations while discarding investments in nickel, iron ore, lead, copper and agricultural chemicals. Cyprus Minerals, hobbled when LTV Steel went into bankruptcy last summer, is now expected to supply two-thirds of its original 2.8-million-ton coal contract to the steelmaker. But thanks to acquisitions, Cyprus' revenues are up 32%. ■

COMMUNICATIONS MEDIA

It was a year for the history books. All three networks changed hands, TV station prices finally hit a wall and advertisers discovered lots of new ways to get their messages across.

By Alex Ben Block

IN ALL OF AMERICAN BUSINESS, no industry last year experienced more buying and selling of companies, often at preposterously high prices, than this one did. From cable properties that seemed to leap in value by the week, to newspapers and magazines that were snapped up almost as soon as they came onto the market, America's communications media increasingly took on the look of a giant investment souk as 1986 progressed. Why the frenzy? In a phrase, cash flow. Undervalued on Wall Street for years, these firms have nonetheless been able to generate rivers of cash decade after decade. In 1986 that cash became the financing medium for everything from corporate takeovers to leveraged buyouts by insider managements.

One week into 1986 saw the first sale of a broadcast network in 32 years. But Capital Cities Communications' takeover of American Broadcasting Co. for $3.2 billion was only the beginning. Next to go was NBC, which disappeared into the grip of General Electric when that manufacturing giant acquired NBC's parent corporation, RCA, in June for $6.3 billion. After that came a succession of upheavals at CBS, which ousted Chairman Thomas Wyman in September and turned over control to an outside investor, Laurence Tisch, whose operating company, Loews Corp., had acquired a 25% stake in the broadcast firm.

Did the suitors pay too much and buy too late? There is at least tentative reason to think so. For three decades the networks had enjoyed almost uninterrupted annual increases in ad revenue and the value of their owned and operated stations. But in 1986 something changed. Network audiences, slipping already—thanks to competition for viewers from cable, syndicated programming and the videocassette boom—fell to only about 80% or so of potential viewers.

Declining audience shares squeezed advertising revenues, which in the past had risen at a steady 10% annual clip or

Most improved

If numbers alone told the story, several communications media companies would be candidates for most improved. But the percentage gains enjoyed by many of the leaders mostly reflect expensive acquisitions and nonrecurring gains from asset sales. By contrast, Orlando, Fla.-based Harcourt Brace Jovanovich is at the beginning stage of a very solid upswing that promises to keep it growing rapidly well into the 1990s. Having shed slower-growing divisions and cut costs, HBJ has positioned itself perfectly to capitalize on the baby boom echo—children of the post-WWII population explosion. Not only is Harcourt the leader in elementary and high school textbooks, but it now also operates family-oriented theme parks like the Sea World facilities in Orlando, Cleveland and San Diego. The parks are also benefiting, says HBJ's feisty, longtime chairman, William Jovanovich, because "more Americans are traveling domestically rather than internationally, and 'eating out' has become a dominant feature of American family life." Harcourt sales for all of 1986 will be up by an estimated 31%, while earnings per share will rise 19%, to $1.80 to $1.90. Last month HBJ added more muscle to its schoolbook operations with its $500 million acquisition of CBS' Educational & Professional Publishing Division. Jovanovich thinks he can boost the division's earnings by perhaps 25% over 1985 levels of an estimated $40 million, bringing at least $50 million into the company's coffers. The stock market properly rewarded HBJ in 1986. Its stock is up nearly 60% over 1985 levels, to 33. Of course such growth has its price. HBJ is among the most highly leveraged stocks in this group. Is that a problem? Not really, since HBJ has a number of hidden assets, including undervalued real estate and plenty of cash flow to service the debt.

Walt Johnson/Picture Group

HBJ's William Jovanovich

better. In 1986 they climbed 2%. That, in turn, at last put a ceiling on the value of broadcast properties. Peaking prices brought a flood of sellers to market at a time when margins were already being squeezed by rising programming costs. A bellwether: Taft Broadcasting was able to get only $240 million for five big-city independents, about half what they had been expected to fetch.

No longer able to pass on higher costs to advertisers, the new network bosses reacted by cutting budgets, slashing staffs and selling off assets. Even Hollywood has been placed on notice that costs must be controlled.

Advertising, publishing, newspapers and magazine properties also changed hands rapidly, and for much the same reasons. West German communications giant Bertelsmann A.G. paid $500 million for Doubleday & Co. Gannett snapped up the Detroit *News* for about $160 million and the Louisville *Courier-Journal* for about $300 million. The Times-Mirror Co. of Los Angeles paid about $450 million for the Baltimore *Sun*. Time Inc. gave up on *Picture Week* magazine after spending about $15 million in tests, and shortly thereafter announced plans to pay $44 million for half-interest in *McCall's* magazine and several other properties. The year now beginning will undoubtedly see more such churning about by the giants, but will the feeding frenzy of 1986 repeat itself? Not likely. ■

Communications media

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Publishing													
Dun & Bradstreet	64/76	1	36.6%	24.8%	0.0%	10.8%	1	18.9%	18.0%	4	23.3%	17.9%	average
Dow Jones	●/●	2	31.4	29.5	15.3	16.1	4	14.6	8.3	8	18.9	33.6	very high
Deluxe Check	●/●	3	31.0	32.9	3.2	13.7	10	11.9	14.2	7	20.0	17.2	very high
Washington Post	81/69	4	25.4	27.5	84.0	8.2	14	10.1	9.5	3	31.2	–12.1	very high
McGraw-Hill	●/●	5	22.4	19.6	0.2	9.9	18	8.3	5.0	14	11.6	3.4	very high
Jostens	20/NA	6	22.2	20.9	129.9	6.8	11	11.1	11.6	17	9.1	9.0	very high
New York Times	●/●	7	21.9	21.8	32.8	8.3	6	13.7	13.9	5	22.1	10.5	very high
Gannett	78/74	8	21.6	20.9	73.0	10.1	8	12.6	22.2	15	10.5	7.1	very high
Capital Cities/ABC	62/47	9	20.9	13.6	102.9	4.4	2	16.9	218.0	11	16.3	–13.5	very high
Time Inc	59/54	10	19.4†	33.9	73.9	11.3	5	14.3	11.1	2	34.6‡	92.1	very high
Meredith	71/54	11	19.1	14.3	15.8	7.3	19	5.4	16.2	12	14.9	–16.1	very high
Times Mirror	67/68	12	18.6	37.6	51.8	12.5	16	9.6	2.1	13	13.1	49.5	very high
American Greetings	●/●	13	18.1	15.0	53.3	6.9	3	15.4	9.5	6	20.7	–6.6	very high
RR Donnelley	●/●	14	17.5	16.8	1.4	7.1	7	13.0	7.0	10	16.9	5.4	very high
Knight-Ridder	●/NA	15	15.9	19.1	50.3	7.4	15	9.7	7.6	16	9.6	7.8	very high
Macmillan	76/87	16	15.7	22.0	43.8	7.2	20	4.7	25.0	1	46.7	32.8	very high
Media General	43/73	16	15.7	11.2	64.1	5.6	9	12.6	8.5	19	4.8	1.9	average
Pittway	25/36	18	15.5	11.8	7.3	5.3	12	10.5	10.2	20	3.8	3.7	low
Harcourt Brace	53/48	19	14.7	22.0	86.9	6.7	13	10.1	21.3	9	18.2	35.9	low
Tribune	64/67	20	11.8	34.5	46.0	15.6	17	9.3	3.8	18	8.9	162.2	low
Gulf & Western	21/20	21	7.9	11.7	74.6	6.4	21	–13.8	11.7		NM	2.7	NM
Medians			**19.1**	**20.9**	**50.3**	**7.4**		**11.1**	**11.1**		**16.3**	**7.8**	
Broadcasting													
Capital Cities/ABC	37/52	1	20.9%	13.6%	102.9%	4.4%	2	16.9%	218.0%	2	16.3%	–13.5%	very high
Time Inc	40/45	2	19.4†	33.9	73.9	11.3	3	14.3	11.1	1	34.6‡	92.1	very high
Meredith	23/46	3	19.1	14.3	15.8	7.3	4	5.4	16.2	3	14.9	–16.1	very high
CBS	58/73	4	10.4	30.7	85.0	4.5	5	4.3	2.1	5	–24.7	500.0+	average
Tele-Communications	●/●	5	6.8	21.9	301.2	13.9	1	35.5	12.3	4	9.5	D–P	low
Medians			**19.1**	**21.9**	**85.0**	**7.3**		**14.3**	**12.3**		**14.9**	**39.3**	
Media services													
Dun & Bradstreet	35/23	1	36.6%	24.8%	0.0%	10.8%	1	18.9%	18.0%	1	23.3%	17.9%	average
Ogilvy Group	●/●	2	20.4	19.8	5.1	5.4	2	13.5	15.8	3	13.7	4.1	high
Interpublic Group	●/●	3	17.7	19.4	10.0	5.4	3	10.6	16.8	4	12.3	24.2	high
JWT Group	●/●	4	12.0	15.3	16.3	3.2	4	10.0	13.9	2	19.8	20.6	very low
Omnicom Group	●/●		NA	NA	18.8	0.2		NA	NA		NA	NA	NA
Medians			**19.1**	**19.6**	**10.0**	**5.4**		**12.1**	**16.3**		**16.8**	**19.3**	
Industry medians			**19.1**	**20.9**	**46.0**	**7.3**		**11.5**	**12.0**		**15.6**	**9.0**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. D–P: Deficit to profit. NA: Not available. NM: Not meaningful. †Four-year average. ‡Four-year growth. For further explanation, see page 61.

COMPUTERS AND ELECTRONICS

There was a lot of motion, but not much progress, last year in the making and marketing of computers, semiconductors and electronic equipment.

By Marc Beauchamp

A SLUGGISH ECONOMY, weak capital spending, tax reform, corporate restructuring, shortage of software . . . those were the ingredients for yet another no-growth year in the beleaguered computer industry. A few companies, such as Apple, Digital Equipment and Tandem Computers, bucked the trend. But not since the 1970-71 computer slump had so much of the industry wallowed in so deep a funk as firms thrashed about in search of a strategy for renewed growth.

Motion, if not progress, was everywhere. Burroughs and Sperry merged. Control Data restructured. AT&T began a retreat from personal computers. Honeywell transferred control of its computer business to Japan's NEC and France's Groupe Bull. IBM, net profits off an estimated 16% for the year, reduced its work force through a hiring freeze and

Computers and electronics

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Computers													
Apple Computer	●/●	1	44.6%	26.9%	0.0%	8.1%	1	72.4%	–0.9%	4	27.5%	141.4%	average
Intergraph	●/●	2	36.5	17.2	2.8	11.5	3	58.4	22.8	1	65.5	–2.3	very high
Tandy	31/NA	3	34.0	16.8	14.0	6.4	12	16.2	6.5	8	15.0	2.3	average
Telex	88/●	4	32.4	26.5	35.6	9.4	6	33.7	16.0	2	50.4	12.9	very high
IBM	●/●	5	24.9	19.0	13.3	11.8	13	14.6	8.6	7	15.2	0.3	very high
Prime Computer	●/●	6	24.3	12.9	3.5	6.0	7	22.7	14.9	11	10.4	–9.6	average
Wang Laboratories	●/●	7	21.1	1.2	44.5	0.5	5	34.7	13.6	18	–13.0	D–P	very low
Carlisle Cos	21/ 5	8	20.3	8.8	18.4	3.8	20	6.0	–9.5	15	–2.0	–41.5	very low
SCI Systems	●/●	9	19.0	13.3	69.1	3.1	2	71.7	–17.6	3	38.7	0.0	very high
Hewlett-Packard	86/NA	10	18.8	13.0	2.8	7.3	11	16.6	9.2	9	15.0	5.8	high
Tandem Computers	●/●	11	15.6	14.2	1.2	8.3	4	40.5	23.0	6	16.5	75.6	average
NCR	●/NA	12	14.3	14.3	5.4	7.1	22	5.5	13.0	12	9.6	11.6	high
Harris Corp	32/ 9	13	13.1	7.1	20.3	3.0	16	10.1	–8.7	16	–8.8	–7.7	average
Digital Equipment	●/●	14	12.5	13.5	5.8	9.1	8	22.0	17.8	13	1.9	80.6	very low

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD** Segment profit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. ‡‡Three-year growth. For further explanation, see page 61.

attrition and shifted 2,800 employees from administrative jobs to sales.

The news was even worse in the semiconductor industry, which lost an estimated $800 million during the year. Advanced Micro Devices abandoned its longstanding "no layoffs" policy. AMD, Texas Instruments and Intel all announced big writedowns.

U.S. chipmakers continued to complain about unfair competition from Japan even as they rushed to line up "strategic alliances" with Japanese manufacturers. The Commerce Department got Japan, which during the year became the world's number one chip market, to promise not to sell chips below "fair market value" in the U.S. The deal angered U.S. customers of Japanese chips, and did little to stop dumping by Japanese producers in third countries.

Through it all, Japanese companies continued to expand their presence in the U.S. In October Fujitsu offered a reported $225 million for an 80% stake in a new company that combines its U.S. chip business with Schlumberger's Fairchild Semiconductor subsidiary. If the deal isn't blocked by Washington, Fujitsu will overnight become a major player in high-margin specialty chips. Following Fujitsu's move, Toshiba and Motorola announced plans to build a joint plant in Japan and to exchange microprocessor and memory chip technology. Hitachi is rumored to be looking for a similar tie-up.

To cope with overcapacity, U.S. and Japanese chipmakers slashed capital spending. That's more bad news for makers of steppers, etchers and test equipment. GCA Corp., the U.S. leader in steppers—used to lay down circuits on silicon wafers—flirted with insolvency, while Nikon and Canon gained market share. Stung by the chip slump, Eaton and Varian announced cutbacks.

The outlook for 1987: Unless the economy booms, don't look for an early end to the slump. Tax reform means accelerated depreciation will now be canceled out by the loss of the investment tax credit. Leaner corporate staffs mean fewer executives reading computer printouts or massaging terminals on their desks. And absent a big rebound in computers, no dramatic recovery seems in store for U.S. chipmakers. In short, in 1987 look for more of 1986—with a bit more debt and a bit less shareholder equity to help investors rest easy at night. ■

Computers and electronics

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Honeywell	29/34	15	12.0%	8.7%	28.0%	3.2%	21	5.6%	9.1%	14	–1.7%	20.4%	very low
Computervision	●/DD	16	11.2	def	81.6	def	10	17.9	–2.5		NM	D–D	NM
Unisys	●/●	17	8.5	10.1	117.8	4.0	15	12.1	33.7	5	22.2	10.4	high
Data General	●/●	18	8.2	0.8	34.9	0.5	14	14.0	2.4	17	–10.2	–77.2	very low
Amdahl	●/●	19	7.5	4.6	32.7	2.4	9	19.2	6.6	10	11.0	–35.3	very low
General Instrument	29/PD	20	7.1	def	6.0	def	24	–0.4	–10.7		NM	D–D	NM
Zenith Electronics	30/NA	21	5.8	def	64.8	def	17	7.5	9.6		NM	P–D	NM
Datapoint	●/DD	22	2.0	def	42.1	def	18	6.5	–14.5		NM	D–D	NM
Gould	35/PD	23	2.0	def	65.9	def	25	–8.9	–21.5		NM	D–D	NM
Control Data	●/●	24	0.0	def	47.9	def	19	6.1	–7.8		NM	D–D	NM
Storage Technology	●/DD	25	def	NE	NE	2.3	23	–0.1	3.6		NM	D–P	NM
Compaq Computer	●/●		NA	25.4	44.7	6.2		NA	29.2		NA	52.3	NA
Medians			13.1	9.5	24.2	3.5		14.6	7.6		1.9	–1.0	
Electronic equipment													
EG&G	●/●	1	29.7%	24.5%	3.3%	4.3%	3	13.9%	1.8%	2	16.1%	–7.1%	very high
AMP	●/●	2	20.2	14.0	3.9	7.6	8	9.2	12.0	5	1.5	10.3	very low
Pitney Bowes	87/88	3	18.2	20.2	17.5	8.4	11	7.6	8.3	3	14.4	11.9	high
Bairnco	28/25	4	15.1	12.1	55.5	3.6	1	33.0	10.3	1	25.7	–12.2	very high
Perkin-Elmer	46/41	5	14.1	10.3	12.0	5.3	14	4.3	–0.4	8	–0.9	–13.6	very low
Tyler	35/ 5	6	14.0	6.3	111.8	1.3	9	9.2	3.1	9	–1.7	–38.9	very low
Tektronix	●/●	7	13.4	6.0	1.3	3.7	10	7.8	–5.5	7	0.8	–32.3	very low
M/A-Com	●/●	8	13.0	2.7	48.8	2.2	2	19.1	–31.6	6	0.9	–68.5	very low
North Amer Philips	27/31	9	12.2	4.5	48.1	1.1	6	11.4	4.3	4	2.0	–50.9	very low
General Signal	48/49	10	12.1	3.8	13.6	2.1	16	2.8	–7.1	13	–12.7	–67.0	average

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. ‡‡Three-year growth. For further explanation, see page 61.

Most improved

Two years ago Apple Computer, Inc. was a disaster in the making, with slumping sales for its workhorse product, a feuding top management and, looming over everything, the presence of a competitor 25 times its size. Today Apple stands as the most improved company in an otherwise troubled industry. Shareholders can thank its chairman and chief executive officer, John Sculley. Brought in to run Apple by cofounder Steven Jobs in 1983, he wrote a turnaround program that improved relations with dealers and averted a potentially fatal confrontation with IBM in the office computer market through new computers that offer the option of IBM compatibility.

Recalls Sculley: "A little over a year ago people felt we were taking too high a risk. By spring they felt we were taking the right steps but were unsure if they would work. By autumn people had a high level of confidence."

Today Apple fetches more than $40 a share—versus $20 a year ago—and analysts are still issuing buy recommendations. Despite flat sales of $1.9 billion for the year ended Sept. 26, Apple's earnings per share more than doubled, to a record $2.39. Its net profit margin also more than doubled, to 8.1%, thanks to plant closures and tighter inventory and production controls. At fiscal year-end Apple had $576 million in cash and no long-term debt.

Apple Computer's John Sculley

Ed Kashi

This year Apple will have to grow through sales. New products are on the way to penetrate markets outside the home and schools, Apple's strengths.

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Honeywell	**41/43**	**11**	12.0%	8.7%	28.0%	3.2	**12**	5.6%	9.1%	**9**	–1.7%	20.4%	very low
Varian Associates	**77/77**	**12**	9.6	def	12.7	def	**7**	10.4	–8.4	**11**	–4.1‡‡	P–D	very low
Eaton	**57/33**	**13**	9.2	10.6	36.7	3.9	**15**	3.2	4.0		NM	–39.2	NM
Corning Glass Works	**28/42**	**14**	9.0	13.6	23.5	9.0	**17**	2.1	7.1	**12**	–4.3	70.1	low
Sun Chemical	**18/16**	**15**	8.0	12.5	89.3	4.8	**5**	12.0	–41.1	**14**	–23.7	25.3	average
General Instrument	**47/DD**	**16**	7.1	def	6.0	def	**18**	–0.4	–10.7		NM	D–D	NM
Natl Semiconductor	**43/PD**	**17**	6.6	def	19.8	def	**4**	13.1	–6.6		NM	D–D	NM
ADT	**● /DD**	**18**	5.9	def	20.5	def	**13**	5.3	–5.6		NM	P–D	NM
Gould	**36/DD**	**19**	2.0	def	65.9	def	**19**	–8.9	–21.5		NM	D–D	NM
Medians			**12.1**	**6.3**	**20.5**	**3.2**		**7.8**	**–0.4**		**–1.7**	**–38.9**	
Semiconductors													
Advanced Micro	**●/DD**	**1**	18.1%	def	48.7%	def	**1**	22.8%	–15.2%		NM	P–D	NM
Avnet	**77/77**	**2**	13.8	3.5%	17.2	1.6%	**7**	4.8	0.0	**1**	–4.7%	–38.2%	very low
Motorola	**30/DP**	**3**	12.7	7.4	25.0	3.1	**4**	13.6	4.3	**2**	–10.6	8.5	very low
Intel	**●/●**	**4**	9.3	def	22.4	def	**2**	14.6	–16.1	**3**	–39.0	P–D	very low
General Instrument	**23/DD**	**5**	7.1	def	6.0	def	**8**	–0.4	–10.7		NM	D–D	NM
Natl Semiconductor	**56/DD**	**6**	6.6	def	19.8	def	**5**	13.1	–6.6		NM	D–D	NM
Texas Instruments	**39/DP**	**7**	5.7	def	10.8	def	**6**	5.7	–7.4		NM	D–D	NM
Arrow Electronics	**●/●**	**8**	1.2	def	131.1	def	**3**	14.2	–10.5		NM	D–D	NM
Medians			**8.2**	**def**	**21.1**	**def**		**13.4**	**–9.0**		**NM**	**P–D**	
Industry medians			**12.2**	**6.3**	**20.5**	**3.0**		**10.9**	**1.8**		**–4.2**	**–35.3**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. ‡‡Three-year growth. For further explanation, see page 61.

CONGLOMERATES

Though these companies rarely compete, they pursue the same strategy: Restructure early and often.

By Laura Jereski

To judge by its results, modern portfolio management theory when applied to corporations has been a dud. The idea, of course, is to diversify away from cyclical risk and so improve long-term return. No such luck for many of the diversified companies on our list. They consistently underperform the averages. Over the last five years, return on equity for the group was a dismal 11.8%, compared with a 12.6% average for all industry. This year earnings per share shrank 20.1%, vs. a 2.8% rise for all industry. And the market knows it. These stocks tend to sell at lower P/Es and price-to-book multiples than the S&P's 500.

Result: These companies are driven to churn their business mix and capital structure constantly. This year diversified companies, vulnerable to takeover or plunder, went on the

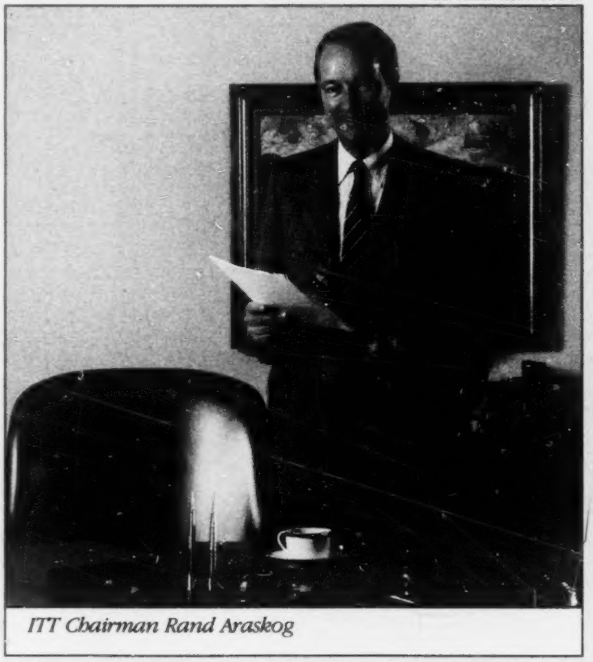
Most improved

A surprising midyear decision—taking a T out of ITT—earned for that firm the title of most improved among diversified companies for 1986. Out went moneylosing telecommunications, and in its place came a greater emphasis on equity earnings from higher-margin, off-balance-sheet insurance and finance subsidiaries. That now promises a future of lower debt and a smaller equity base, too. Return on equity, an unimpressive 4.6% in 1985, should more than triple by the end of 1987.

Rand Araskog, chairman and chief executive officer, guided ITT in this redeployment. In February he foreclosed on the firm's telephone switch business, where the company had lagged far behind market leaders AT&T and Northern Telecom. Five months later he startled investors by announcing a joint venture with France's Compagnie Générale d'Electricité. The venture will include all of ITT's telecommunications business, which last year contributed 23% of revenues but only 10% of profits.

The result of these and other redeployments? "It's the best balance sheet this company has had in 15 years," says Goldman, Sachs' Jack Kelly. On top of the $1.5 billion or so in cash ITT will get, another $800 million in debt will go into the joint venture. ITT hopes to pay down another $300 million in long-term debt out of $3.8 billion in total debt at the end of the third quarter. The rest may be used to buy back outstanding shares, reduce debt further or make new acquisitions.

Peter Tenzer/Wheeler Pictures



ITT Chairman Rand Araskog

defensive and stepped up the pace.

One company, Figgie International, capped a reverse stock split with a public offering, using the proceeds to pay down $100 million in long-term debt. Debt-to-capital now stands at 24%, compared with over 45% a year ago. Sales in the largest division, fire safety and protection, perked up, as have results in the unconsolidated financial and insurance subsidiaries.

Insurance and finance subsidiaries pulled the weight for other companies, too. Insurance and equity income masked stagnant results in Teledyne's core businesses. In the fourth quarter the company spun off its Argonaut casualty insurance division as a dividend to shareholders, possibly as a prelude to a share buyback. Similar strengths buoyed results at Textron and Berkshire Hathaway.

Others weren't so fortunate. Troubles in energy-related business, such as Litton's exploration operation, which underwent a $149 million writedown, cut into earnings, as they did at Tenneco, Harsco and W.R. Grace. The latter also suffered from weak demand for its agrichemical products, which drove income from continuing operations down 93% through the first nine months, as against the same period of 1985. Efforts to restructure by selling off divisions stalled, forcing down return on equity for the past 12 months to 60% of the five-year average.

Other expected divestitures: the troubled Piper Aircraft division of Lear Siegler, which is itself set to be taken private early this year; Moore McCormack's steel service division; and what's left of IC Industries' railroad properties, the subject of a third-quarter $520 million pretax charge. Allegheny International, struggling to recover from Chairman Robert Buckley's profligate regime, must divest vigorously in order to redress a balance sheet burdened with some half a billion dollars of debt.

Where's the action for investors? Some companies are worth more dead than alive. Goldman, Sachs' Jack Kelly routinely calculates price/book ratios. Last January ITT, then selling slightly under book value, was the cheapest on his list. Since then the shares have appreciated 65%, to a recent 52. This year's deadbeat: Kidde, currently selling at around book value. ■

Conglomerates

Yardsticks of management performance

	Profitability					Growth						
	Return on equity					Sales			Earnings per share			
Company	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Teledyne	1	26.5%	18.4%	35.9%	9.0%	17	2.3%	–2.3%	3	23.3%	–41.1%	average
Dover	2	21.7	14.3	11.2	6.3	7	10.1	–1.7	6	4.7	–4.2	average
Fuqua Industries	3	20.0	22.4	140.3	6.0	28	–6.4	–8.8	4	12.6‡‡	41.9	low
American Brands	4	19.8	14.6	26.3	6.5	15	2.5	24.5	11	1.3	–11.4	low
Litton Industries	5	19.3	7.4	144.4	1.6	22	0.4	–1.5	13	0.0	–65.3	very low
Raytheon	6	19.1	20.3	2.8	5.6	12	4.4	11.4	9	1.6	14.1	very low
Minn Mining & Mfg	7	19.0	18.4	12.3	8.8	10	5.4	8.9	12	0.9	9.0	very low
Lear Siegler	8	18.5	9.7	34.3	2.4	8	9.7	7.1	7	3.9	–35.6	average
Berkshire Hathaway	9	17.4	27.3	6.9	26.8	4	15.2	138.9	1	46.3	140.5	very high
Alco Standard	10	15.3	12.5	73.4	1.3	6	10.7	13.1	15	–2.1	15.1	low
Figgie International	11	14.8	16.2	25.8	4.2		0.1	15.2	8	3.6	37.0	low
Intermark	12	13.5	def	322.6	def	3	30.3	2.0		NM	D–D	NM
DWG	13	13.1	def	505.7	def	2	31.2	3.4	18	–13.4	D–D	very low
Kidde	14	12.6	3.5	60.1	1.1	27	–4.7	–2.5	17	–6.2	–68.7	high
Harsco	15	11.9	10.3	24.4	4.2	19	1.6	–11.0	14	0.0	–21.9	very low
Insilco	16	11.8	9.0	39.8	3.9	11	4.8	–8.6	16	–2.3	–10.6	very low
WR Grace	17	11.6	6.8	91.7	2.5	25	–2.0	–24.1	19	–16.8	–7.6	high
Tenneco	18	11.2	def	115.8	0.3	18	1.7	0.0	22	–28.5	P–D	high
Textron	19	10.7	15.7	74.5	5.3	16	2.3	–14.3	5	12.2	22.6	low
ITT	20	9.0	5.7	42.2	2.8	30	–9.2	8.4	20	–19.2	–20.1	very high
IC Industries	21	8.4	def	100.7	def	20	0.8	–3.6	10	1.3	P–D	very low
Jim Walter	22	8.0	14.0	75.9	6.0	14	3.3	1.2	2	31.1	13.5	average
Penn Central	23	7.9	5.7	10.6	4.2	21	0.4	–5.1		NM	–16.1	NM
Moore McCormack	24	6.2	def	83.0	def	26	–4.3	–29.8	21	–21.7	P–D	average
Amfac	25	0.2	def	80.9	def	13	4.3	–3.4		NM	D–D	NM
IU International	26	def	def	90.0	def	24	–1.7	–36.6		NM	D–D	NM
GATX	27	def	8.3	591.5	4.9	29	–8.0	–24.3		NM	D–P	NM
Chromalloy American	28	def	11.1	47.0	3.5	31	–9.6	–5.2		NM	D–P	NM
Allegheny International	29	def	def	149.1	def	5	12.5	–9.7		NM	D–D	NM
NVF	30	def†	def	NE	def	9	6.9	–10.9		NM	D–D	NM
Pullman-Peabody	31	NE	26.0	56.9	2.9	1	199.7‡‡	56.3		NM	–14.9	NM
Industry medians		**11.8**	**9.0**	**60.1**	**2.9**		**2.3**	**–2.3**		**–2.3**	**–20.1**	
All-industry medians		**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡‡Three-year growth. For further explanation, see page 61.

CONSTRUCTION

It is one of the economy's most notoriously cyclical industries, and a strong residential building program rescued it in 1986. But that won't cover all the cracks that are now beginning to appear in the construction business.

By Jack Willoughby

EVERY THREE YEARS OR SO construction goes from boom to bust, and that is what is happening now once again.

The dollar value of construction has increased 50% in the last four years, so . . . get ready for bust. "We're headed for a downturn as severe as both of the cycles during the 1970s," says George Christie, chief economist for construction forecaster F.W. Dodge. "We see cracks in the system already."

Construction has had an increasingly schizophrenic look for a year now. Nonresidential construction—such as projects for hospitals and office towers—weakened steadily throughout 1986. The biggest problem? The huge overhang of office space in major metropolitan centers. The vacancy rate in major metropolitan centers hit 22% by the third quarter of this year, according to a Coldwell Banker survey. Cutbacks in U.S. industrial output pose another problem. And import competition, which has reduced the need for new plant and equipment, should not be overlooked either. Texas has been particularly hurt by declining oil prices. With the pressure on to contain the federal budget deficit, there is little hope that public sector construction can pick up the slack.

So hard times are already here for commercial builders and engineering service companies that rely on big government or oil industry projects. With overseas contracts all but dried up, large companies like Blount, Inc. and Turner Corp. are turning to the crowded competition for domestic contracts.

In marked contrast to the commercial sector of the business, the residential market looked robust indeed in 1986. Lower mortgage rates fueled a rush of apartment- and home-buying in the first half of the year, and the backlog in new orders is still providing momentum.

But there's reason to expect schizoid behavior within the residential sector—single-family home construction healthy, multi-unit construction seriously off. If mortgage rates remain steady, single-family starts are expected to drop only

Construction

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Residential builders													
Pulte Home	●/●	1	24.6%	10.6%	10.5%	2.5%	2	23.1%	4.1%	5	17.2%	–12.6%	low
Fleetwood Enterprises	43/25	2	20.5	13.7	0.0	3.1	1	29.3	–2.6	1	121.7‡	–24.8	very high
Ryland Group	●/●	3	17.2	28.8	15.1	3.8	3	17.4	40.4	3	29.3	79.1	average
Centex	41/62	4	13.3†	15.2	11.5	3.5	6	7.9	6.2	6	17.0	19.8	low
Ryan Homes	●/●	5	10.1	15.7	11.1	4.1	5	9.5	8.6	4	17.9	13.6	low
Del E Webb	47/85	6	7.5	13.7	79.4	6.7	9	–6.5	–9.0	2	43.3	19.1	high
Skyline	68/55	7	6.2	8.5	0.0	3.4	7	2.9	–2.8	7	7.0	17.5	average
Kaufman & Broad	45/50	8	4.4	13.9	124.6	3.7	4	11.4	33.6		NM	10.7	NM
US Home	●/DD	9	def	def	98.3	def	8	–0.5	–17.3		NM	D–D	NM
Medians			**10.1**	**13.7**	**11.5**	**3.5**		**9.5**	**4.1**		**17.2**	**13.6**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. For further explanation, see page 61.

Most improved

Ryland Group Chairman C.E. Peck

Katherine Lambert

The industry's most improved builder was clearly Maryland's Ryland Group Inc., which under Chairman C.E. (Ted) Peck adopted an expansion strategy of entering only one or two markets every year, no matter what the economic climate. Luckily, in 1986 Ryland found itself in the middle of the buying rush along the eastern seaboard. As a result, sales shot up 40% over the year before. Says Peck, "Our principle is to manage conservatively with little leverage, high asset turnover and very little money in land."

In 1986 that strategy paid off big for shareholders. Profits jumped nearly 80%, to about $2 a share, or more than three times what they were when the housing cycle last peaked, in 1979. Return on equity was almost 29%, well above its own five-year average of 17%. Says Barbara Alexander, analyst for Salomon Brothers Inc., "They do a superb job balancing corporate control with entrepreneurship in regional markets."

Construction

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Commercial builders													
Turner	●/●	1	24.3%	12.0%	65.3%	0.4%	13	0.6%	21.2%	2	9.6%	–19.9%	average
Dover	37/30	2	21.7	14.3	11.2	6.3	3	10.1	–1.7	3	4.7	–4.2	average
Blount	57/33	3	18.4	2.9	158.4	0.3	4	9.8	21.2	6	–4.6	–71.1	very low
United Technologies	29/28	4	14.2	10.9	37.5	3.0	7	4.7	2.0	7	–5.1	71.0	very low
Dynalectron	47/DP	5	14.0	3.1	6.1	0.8	5	8.6	10.4	8	–11.8	–73.0	very low
Foster Wheeler	36/10	6	13.8	5.9	35.9	1.9	16	–5.3	2.6	9	–16.2	–27.1	very high
Centex	47/ 7	7	13.3†	15.2	11.5	3.5	6	7.9	6.2	1	17.0	19.8	low
Morrison-Knudsen	69/12	8	13.1	10.1	9.2	1.9	11	2.4	4.6	4	2.5	–7.3	average
Halliburton	27/29	9	12.1	def	11.1	def	19	–9.7	–21.1	11	–37.2	P–D	high
Guy F Atkinson	76/77	10	11.5	5.8	7.8	1.2	15	–3.0	–5.4	5	1.9	NA	very low
CBI Industries	68/30	11	11.1	7.7	51.0	2.7	2	10.7	28.0		NM	D–P	NM
Fischbach	●/DD	12	10.9	def	23.6	def	12	0.7	30.9		NM	D–D	NM
Enserch	30/ 9	13	10.1	def	81.0	def	9	3.6	–13.4		NM	P–D	NM
American Standard	45/42	14	9.5	11.3	18.3	3.1	8	3.6	–7.3	10	–29.8	–10.4	high
Trinity Industries	57/PD	15	7.0	3.9	110.5	1.4	20	–11.1	–2.4		NM	D–P	NM
Perini	●/DP	16	6.1	3.5	43.0	0.4	14	0.0	–4.8		NM	D–P	NM
Butler Manufacturing	86/88	17	4.4	8.2	26.6	2.1	10	2.7	15.0		NM	51.0	NM
Fluor	76/DD	18	def	def	36.6	def	17	–5.6	16.0		NM	D–D	NM
Dravo	42/ 3	19	def	3.2	31.3	0.7	18	–8.7	4.1		NM	D–P	NM
Henley Group	NA/NA		NA	NA	3.0	def	1	24.5‡	NA		NA	NA	NA
Medians			**11.5**	**5.8**	**29.0**	**1.0**		**2.6**	**4.1**		**–29.8**	**–49.1**	
Cement and gypsum													
USG	49/82	1	16.1%	22.8%	20.8%	8.4%	1	12.9%	6.5%	1	24.2%	8.5%	average
Texas Industries	54/46	2	12.8	5.5	172.6	2.0	3	4.9	55.0	2	–17.6	–50.4	high
Moore McCormack	49/53	3	6.2	def	83.0	def	5	–4.3	–29.8	3	–21.7	P–D	average
Lone Star Industries	●/88	4	5.4	4.4	55.1	4.4	4	0.4	–5.5		NM	–69.8	NM
Lafarge	89/●	5	def	6.6	72.3	2.8	2	8.2	2.5		NM	500.0+	NM
Ideal Basic Inds	●/DD	6	def	def	NE	def	6	–7.7	–18.7		NM	D–D	NM
Medians			**5.8**	**5.0**	**63.7**	**2.4**		**2.7**	**–1.5**		**–21.7**	**–60.1**	

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slightly, from a robust 1.18 million units in 1986 to a healthy enough 1.12 million this year. But there is little doubt that the tax reforms taking effect in 1987 will hit the rest of the market hard. Says David Seiders, economist for the National Association of Home Builders: "The trouble spot is clearly apartments. Vacancy rates are hitting 20-year highs." Some experts expect a 23% decline in new apartments, dropping overall starts from 630,000 to 480,000 units.

What of ancillary industries? The sellers of lumber and building supplies did nicely during the year. Louisiana-Pacific, a leading supplier to home builders, saw earnings double during the year to about $60 million on sales of $1.5 billion. A tariff on imports of Canadian lumber helped alleviate import competition while it simultaneously helped boost profit margins for Louisiana-Pacific and other firms.

Could 1987 become a year of takeovers in home-building? Perhaps. Witness the $360 million tender for builder Ryan Homes Inc. by NV Homes, a tiny Virginia master limited partnership. John Stanley of Wertheim & Co. talks of a "new breed" of home builder like Denver's M.D.C. Holdings, unafraid of using leverage to compete with old-line builders like Kaufman & Broad Inc. ■

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Lumber													
Willamette Inds	34/15	1	8.8%	13.1%	44.8%	5.4%	4	5.0%	–1.9%	1	12.2%	–8.3%	very low
Potlatch	24/DP	2	6.4	10.5	62.8	5.6	6	3.5	0.2	2	–4.4	51.0	very low
Weyerhaeuser	47/52	3	6.0	7.2	53.1	4.5	5	4.3	1.2	5	–8.2	56.2	low
Georgia-Pacific	66/85	4	5.3	10.3	49.2	3.5	2	6.7	2.0	4	–7.5	500.0+	low
Boise Cascade	24/12	5	5.2	5.8	75.0	2.4	3	5.4	–1.0	3	–5.8	57.9	low
Champion Intl	26/17	6	3.3	6.7	82.3	3.9	1	9.0	–27.8		NM	D–P	NM
Louisiana-Pacific	84/●	7	2.9	6.9	25.1	3.7	7	3.0	16.6		NM	160.7	NM
Southwest Forest Inds	26/●	8	def	def	114.7	def	8	–0.5	–12.5		NM	D–D	NM
Medians			**5.3**	**7.1**	**58.0**	**3.8**		**4.7**	**–0.4**		**–7.9**	**56.2**	
Other materials													
Carlisle Cos	33/70	1	20.3%	8.8%	18.4%	3.8%	13	6.0%	–9.5%	15	–2.0%	–41.5%	very low
Tyco Laboratories	47/29	2	19.4	21.1	81.7	4.3	4	17.1	40.4	12	2.8	31.2	very low
Masco	●/●	3	18.6	19.2	67.9	14.4	8	8.0	42.2	8	9.8	30.4	high
Emhart	NA/NA	4	16.9	def	66.4	def	23	0.0	14.7	10	3.8	P–D	average
Stanadyne	43/69	5	16.5	13.1	10.6	5.5	18	3.9	5.4	6	16.7	–4.7	average
USG	42/17	6	16.1	22.8	20.8	8.4	5	12.9	6.5	4	24.2	8.5	average
Vulcan Materials	50/80	7	15.8	16.5	14.2	9.0	12	6.1	–3.7	13	0.2	17.0	very low
Bairnco	71/74	8	15.1	12.1	55.5	3.6	2	33.0	10.3	3	25.7	–12.2	very high
Tyler	21/42	9	14.0	6.3	111.8	1.3	6	9.2	3.1	14	–1.7	–38.9	very low
PPG Industries	36/40	10	13.8	17.7	51.1	6.6	10	7.1	6.3	9	9.4	13.8	average
GAF	49/17	11	13.4	24.0	45.7	9.9	22	2.2	3.0		NM	31.0	NM
Nortek	63/47	12	12.6	14.9	281.8	3.4	3	29.4	69.4	11	3.8	1.1	very low
DeSoto	73/79	13	12.1	5.1	33.0	1.6	17	3.9	0.8	7	12.7	–56.2	average
Insilco	28/30	14	11.8	9.0	39.8	3.9	15	4.8	–8.6	16	–2.3	–10.6	very low
Armstrong World Inds	75/78	15	10.6	15.8	6.9	6.2	14	5.0	13.1	5	22.6	17.5	average
Owens-Corning	78/76	16	10.5	4.6	52.5	1.2	7	8.0	20.0	2	26.3	–64.2	high
American Standard	24/37	17	9.5	11.3	18.3	3.1	19	3.6	–7.3	18	–29.8	–10.4	high
Ceco Industries	●/●	18	9.1	7.9	9.1	1.8	9	7.4	11.0	17	–4.1	–4.7	low
HH Robertson	80/DD	19	8.3	def	73.7	def	24	–0.1	–5.2		NM	D–D	NM
Jim Walter	31/18	20	8.0	14.0	75.9	6.0	20	3.3	1.2	1	31.1	13.5	average
CertainTeed	●/●	21	4.5	12.4	21.2	5.1	11	6.9	–1.3		NM	4.2	NM
Crane	73/77	22	1.2	15.3	154.4	2.1	27	–11.2	16.7		NM	–21.1	NM
First City Inds	48/53	23	0.9	def	349.9	def	1	41.9	7.4		NM	D–D	NM
Manville	76/76	24	def	7.6	41.0	4.5	25	–4.3	2.1		NM	D–P	NM
Koppers	55/NM	25	def	def	40.6	def	26	–5.4	–22.8		NM	D–D	NM
Temple-Inland	21/23		NA	8.6	27.6	6.1	16	4.5	–1.2		NA	–16.6	NA
York International	●/DD		NA	NA	22.9	1.1	21	2.9‡	NA		NA	NA	NA
Medians			**12.1**	**11.7**	**41.0**	**3.8**		**5.0**	**4.3**		**0.2**	**–10.5**	
Industry medians			**10.5**	**8.6**	**40.2**	**3.1**		**4.6**	**2.6**		**–5.1**	**–10.4**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

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CONSUMER PRODUCTS

Some improvement on the scoreboard, but playing conditions are still tough.

By Rita Koselka

WHILE HARDLY A BLOCKBUSTER, 1986 gave consumer product manufacturers little to weep about, and 1987 will be much the same. On the home front, industry titan Procter & Gamble got an impressive jump on competitors with its new Crest tartar-control toothpaste and grabbed 3% from Colgate-Palmolive's market share. Colgate fought back with its own version in the autumn and has since recovered much of its lost share. Similar tugs-of-war were fought over diapers and laundry and dishwashing detergents.

Among the makers of consumer electronics products, Emerson Radio topped the list. Earnings leapt as Emerson increased production in Taiwan and Korea. By contrast, the U.S. market for refrigerators, washers, dryers and other big-ticket appliances is now close to an oligopoly shared by Maytag, Whirlpool and General Electric.

The home furnishing sector, battling against low-cost Asian manufacturers for a decade, has little hope of winning protectionist legislation. But even without it, some companies made gains as three years of paring and pruning began to pay off. Of 15 companies in the group, 10 showed earnings gains over the last 12 months. Note, especially, Burlington Industries, which, after a tough year in 1985 brought on by intense price-cutting and heavy expenditures for plant clos-

Consumer products

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Appliances													
Emerson Radio	●/●	1	25.7%	35.1%	55.6%	3.1%	1	50.1%	60.8%	1	171.7‡%	54.4%	very high
Maytag	●/●	2	24.7†	20.2	14.9	6.5	3	15.0‡	NA	3	33.5‡	NA	very high
Emerson Electric	24/20	3	20.4	18.7	14.1	8.3	9	7.9	6.5	8	7.2	3.5	very high
Fuqua Industries	28/59	4	20.0	22.4	140.3	6.0	17	–6.4	–8.8	5	12.6‡‡	41.9	low
General Electric	NA/NA	5	19.8	17.4	29.7	7.7	14	2.0	15.0	6	9.7	3.7	very high
Whirlpool	●/●	6	18.0	17.1	13.0	5.3	8	9.3	16.5	4	12.9	21.9	very high
Pittway	40/31	7	15.5	11.8	7.3	5.3	7	10.5	10.2	9	3.8	3.7	low
Stanley Works	35/41	8	14.4	16.1	50.5	5.6	12	5.0	20.6	7	8.6	6.6	average
Briggs & Stratton	●/●	9	13.1	11.1	0.0	4.3	15	1.5	5.5	11	–3.2	2.8	very low
North Amer Philips	28/DP	10	12.2	4.5	48.1	1.1	6	11.4	4.3	10	2.0	–50.9	very low
Arvin Industries	23/ 5	11	11.5	17.0	22.5	4.8	4	14.7	6.9	2	36.8	19.1	very high
Roper Corp	●/●	12	8.8	22.8	79.5	3.1	11	7.0	4.1		NM	D–P	NM
Zenith Electronics	65/NA	13	5.8	def	64.8	def	10	7.5	9.6		NM	P–D	NM
First City Inds	26/18	14	0.9	def	349.9	def	2	41.9	7.4		NM	D–D	NM
Black & Decker	●/DD	15	0.4	def	43.9	def	13	3.3	2.7		NM	P–D	NM
Toro	●/●	16	def	21.1	27.6	3.8	16	–1.0	20.1		NM	21.5	NM
Allegheny International	NA/NA	17	def	def	149.1	def	5	12.5	–9.7		NM	D–D	NM
American Hoist	26/44	18	def	def	79.4	def	18	–10.7	–2.3		NM	D–D	NM
Premark Intl	NA/NA		NA	NA	43.2	1.2		NA	NA		NA	NA	NA
SSMC	78/●		NA	NA	16.5	def	19	–13.6‡	–6.7		NA	NA	NA
Medians			**12.7**	**16.6**	**43.6**	**3.5**		**7.5**	**6.7**		**2.9**	**3.6**	
Home furnishings													
Rubbermaid	●/●	1	20.2%	22.4%	9.4%	9.0%	2	16.8%	25.1%	2	25.6%	20.8%	very high
Leggett & Platt	79/82	2	20.0	19.5	48.4	5.6	3	16.6	21.6	3	19.3	18.8	very high
Shaw Industries	●/●	3	19.8	18.7	45.1	4.3	1	20.4	10.2	1	36.3	–1.4	high
Kidde	42/45	4	12.6	3.5	60.1	1.1	12	–4.7	–2.5	7	–6.2	–68.7	high
West Point-Pepperell	61/●	5	11.3	9.2	46.2	3.0	9	0.4	50.6	6	–4.8	48.7	very low
Interco	23/28	6	9.6	8.6	15.9	3.9	8	0.8	–1.2	8	–6.9	52.3	average
Corning Glass Works	24/ 1	7	9.0	13.6	23.5	9.0	6	2.1	7.1	5	–4.3	70.1	low
Springs Industries	49/●	8	8.8	5.3	60.9	1.6	4	3.8	65.6	4	1.8	52.6	very low
Fieldcrest Cannon	●/●	9	6.2	7.5	180.1	1.5	5	2.6	64.8	9	–10.4	213.5	low
Burlington Inds	33/72	10	5.8	5.0	33.2	2.0	10	–0.6	–0.9	10	–26.6	356.8	average

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ings and upgrading, enjoyed a spectacular earnings rise of 357% on flat sales in 1986.

Relatively unaffected by the loss of investment tax credits built into new tax legislation, most consumer products manufacturers should benefit from the lowering of corporate tax rates from an average of 46% for the industry to 34%. Most of the gain will undoubtedly be pumped back into the same strategies needed to play the game: new product development, holding prices down against foreign competition and retiring debt. ■

Most improved

For generations Colgate-Palmolive Corp. was viewed as the stodgiest and least imaginative consumer products manufacturer. But with the arrival in 1984 of President and Chief Executive Reuben Mark, now 47, fresh breezes began to blow. His changes earned C-P the rating of most improved in its industry for 1986. The Yardsticks, weighted toward the long view, don't yet reflect it.

Under Mark, Colgate has finished a vigorous cost-cutting campaign, accompanied by a barrage of new products like pump toothpaste and liquid dishwasher detergents. These efforts, plus the weakening U.S. dollar, sent earnings leaping 179%. C-P stock rose by 40% during the year, to $43 a share. As the fresh breezes blow, Chairman Mark is cultivating an entrepreneurial spirit at C-P. Says Mark: "I cover my mouth at meetings and let my managers do the talking."

Reuben Mark

Maria Robledo

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Mohasco	●/●	11	5.4%	6.1%	21.0%	1.8%	7	1.7%	0.7%		NM	–18.3%	NM
Talley Industries	29/ 5	12	1.2	11.6	120.8	3.9	13	–5.2	4.8		NM	14.8	NM
Anchor Hocking	75/62	13	1.1	def	44.5	def	14	–5.6	2.5		NM	D–D	NM
JP Stevens	39/51	14	0.9	7.9	34.3	2.3	11	–1.1	–10.8		NM	D–P	NM
Premark Intl	43/50		NA	NA	43.2	1.2		NA	NA		NA	NA	NA
Medians			**8.9**	**8.3**	**44.5**	**2.3**		**1.3**	**6.0**		**–6.6**	**20.8**	
Household products													
American Home Prods	32/20	1	34.3%	33.4%	1.7%	15.6%	4	3.9%	5.4%	2	10.9%	9.1%	very high
Clorox	89/●	2	20.0	18.9	7.0	9.1	1	10.5	–0.3	1	19.8	8.5	very high
Procter & Gamble	33/51	3	18.2	13.2	40.2	4.5	3	4.6	18.4	3	2.4	9.4	very low
Sterling Drug	43/NA	4	15.2	13.2	20.1	6.3	5	0.8	6.7	4	–0.6	–15.5	very low
Economics Laboratory	27/10	5	12.7	18.3	23.0	5.4	2	5.1	10.0		NM	10.7	NM
Medians			**18.2**	**18.3**	**20.1**	**6.3**		**4.6**	**6.7**		**2.4**	**9.1**	
Personal products													
Bristol-Myers	22/18	1	23.6%	22.7%	6.2%	12.0%	5	6.9%	9.1%	1	13.9%	6.6%	very high
Gillette	88/●	2	19.5	19.5	34.3	6.7	11	0.3	15.9	6	5.6	10.6	very high
Johnson & Johnson	43/40	3	19.4	10.9	8.1	5.2	6	5.3	9.5	3	7.0	–38.5	high
Shaklee	88/●	4	19.1	35.6	10.5	14.9	10	0.3	–2.0	10	–4.0	352.5	very low
Chesebrough-Pond's	31/46	5	19.0	17.6	106.2	4.5	1	12.1	21.3	11	–4.1	9.7	low
Procter & Gamble	40/48	6	18.2	13.2	40.2	4.5	7	4.6	18.4	7	2.4	9.4	very low
Hillenbrand Inds	54/68	7	17.7	17.3	47.5	7.3	2	9.4	20.7	2	7.5	24.5	high
Kimberly-Clark	76/68	8	15.1	14.8	27.1	6.1	3	9.0	7.6	5	6.1	–3.1	average
Schering-Plough	41/36	9	14.3	14.6	20.9	10.9	8	1.8	21.2	8	–1.7	13.6	very low
Avon Products	65/65	10	12.7	def	97.5	def	9	1.0	–5.4		NM	P–D	NM
Colgate-Palmolive	75/51	11	12.4	13.7	53.3	2.3	12	–2.4	6.6	12	–14.2	179.0	average
Greyhound	25/34	12	11.6	10.4	58.3	4.7	13	–16.0	2.9	9	–3.2	4.5	low
Scott Paper	67/59	13	10.3	14.9	111.3	5.6	4	7.8	10.3	4	7.0	15.1	low
Revlon Group	64/62	14	def	def	656.3	0.3		NA	1,799.3		NM	D–D	NM
Medians			**16.4**	**14.7**	**43.9**	**5.4**		**4.6**	**9.9**		**0.4**	**9.6**	
Industry medians			**12.7**	**13.6**	**41.7**	**4.5**		**3.9**	**7.4**		**–1.7**	**9.3**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

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ELECTRICAL EQUIPMENT

Core markets have matured, so winners will be those firms that diversify for growth.

By Edward F. Giltenan

SINCE MID-1984 THIS GROUP'S EARNINGS have steadily outperformed the S&P's 400. Reason: aggressive cost-cutting plus diversification. The latter is key because traditional equipment markets are growing at less than 5% per year and demand is weak for standard products like motors, generators and transmission gear.

Thus, in 1986 winners targeted markets in which they were already front-runners, dumped lines in weak markets and moved on. Take GE, which pushed further into service and technology businesses by completing acquisition of RCA for $6.4 billion and purchasing 80% of Kidder, Peabody. As a result of the RCA deal alone, GE enjoyed the most impressive sales growth in the Yardsticks, from 0.5% in 1985 to 15% last year.

Emerson Electric has led all others in return-on-equity for the last decade by cutting costs while sticking mainly to manufacturing businesses. Thus, last October Emerson bought Copeland Corp., the world's largest maker of compressors for air conditioners, for about $500 million.

This group's bright spots are consumer durables (appliances and components), defense electronics, the servicing of existing utilities and factory automation. Look for diversified companies with good positions in these markets to do well. ■

Most improved

Russ Kennedy

Danforth of Westinghouse

There's skepticism on Wall Street about Westinghouse. Much of its recent stock improvement is tied to an ambitious restructuring program that included the sale of Group W Cable for $1.7 billion, the closing of inefficient plants such as an outdated power transformer factory, and the repurchase of 33 million shares, or 19%, of its outstanding common stock. Still, Pittsburgh-based Westinghouse gets our vote for most improved company because it improved fundamental performance.

In the nine months ended last September, operating margins moved up to 7.4%, vs. 6.7% in the same period of 1985. Operating earnings moved up 16%, from $502 million to $585 million. With the fourth quarter typically the firm's best, H.P. Smith, electrical equipment analyst at Smith Barney, expects the full-year margin to reach 7.8%, up from 6.9% in 1985.

By comparison, GE's nine-month margin dropped from 10.8% to 9.1%, and Emerson's full-year margin (for the fiscal year ended Sept. 30) dipped from 15.9% to 15.3%.

"Westinghouse has positioned itself to be a unique company that can't be compared with anyone," says Chairman Douglas Danforth. The big question: Can Westinghouse make the smart acquisitions it needs to grow beyond the electrical equipment market?

Electrical equipment

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Emerson Electric	63/67	1	20.4%	18.7%	14.1%	8.3%	2	7.9%	6.5%	5	7.2%	3.5%	very high
General Electric	NA/NA	2	19.8	17.4	29.7	7.7	10	2.0	15.0	1	9.7	3.7	very high
National Service	39/41	3	18.9	17.1	4.9	5.6	1	8.2	7.7	2	9.0	5.3	very high
Square D	81/●	4	17.7	14.5	27.3	6.4	5	6.3	1.2	7	–2.4	–2.6	very low
Hubbell	●/●	5	17.5	18.3	2.5	9.6	7	4.1	9.1	3	8.0	14.3	high
WW Grainger	●/●	6	15.9	16.2	5.2	7.4	4	7.0	3.1	6	7.0	18.9	average
Westinghouse	73/64	7	15.8	19.8	20.9	5.9	6	4.1	6.9	4	7.4	25.7	high
Raychem	●/●	8	12.8	13.2	8.7	5.1	3	7.5	18.4	8	–6.5	51.8	high
Cooper Industries	46/60	9	12.4	11.0	76.9	4.1	8	3.7	32.9	10	–15.7	21.2	average
General Signal	20/22	10	12.1	3.8	13.6	2.1	9	2.8	–7.1	9	–12.7	–67.0	average
Industry medians			**16.7**	**16.7**	**13.9**	**6.3**		**5.2**	**7.3**		**7.1**	**9.8**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. NA: Not available. For further explanation, see page 61.

ELECTRIC UTILITIES

The days of big new power plants are over. Now electric utilities are cash cows and takeover targets.

By Barry Stavro

IN 1986 ELECTRIC UTILITIES FINALLY RIPENED into takeover targets bulging with cash flow. From last June's $377 million takeover of Alamito Co., an obscure Arizona electricity wholesaler, by a group of investors, to Saul Steinberg's attention-getting $58 million grab of a 4% stake in troubled Long Island Lighting Co., investors have begun eyeing electric utilities as one of the few undervalued bargains left on Wall Street.

Most improved

John Hillery

Consumers Power chief William McCormick Jr.

Why is Consumers Power Co., ranked dead last in the North Central region, rated as FORBES' most improved utility for 1986? Simple. In November 1985, when William McCormick Jr. arrived as its new chief executive, 40% of his company's assets were tied up in a doomed, unfinished nuclear power plant with no apparent way out. McCormick is tidying up the details on a plan to convert the unfinished plant to a gas-fired cogeneration unit. Consumers Power will own 49% of the new plant but will contribute only $50 million in additional equity. The rest of the $560 million conversion cost will come from partners including Dow Chemical. Since McCormick's arrival, Consumers Power's stock has doubled, to 16, as the utility nears a return to financial health. Says McCormick of his conversion strategy, "Previous management was reluctant to take the pitcher out. I opted to go to the bullpen."

Problems remain. McCormick must finish the cogeneration plant by 1989, and a requested rate hike has yet to be approved. But Consumers Power enjoys $300 million a year in free cash flow and now ranks as a takeover target in its own right. From white elephant to big game quarry in 15 months. Not bad in any industry.

Electric utilities

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Northeast													
United Illuminating	●/●	1	17.4%	15.7%	105.2%	20.6%	20	6.2%	–4.6%	10	9.7%	0.5%	high
New England Electric	●/●	2	17.3	16.2	136.9	11.2	22	5.8	1.2	4	13.0	–5.6	very high
Commonwealth Energy	61/66	3	16.4	15.7	49.1	6.8	19	6.4	–5.1	3	15.1	1.2	average
Northeast Utilities	89/●	4	16.1	17.3	148.4	14.7	5	9.1	–1.1	2	19.8	–1.4	very high
Long Island Lighting	82/●	5	15.4	12.4	88.0	21.9	8	8.7	–2.2	11	8.5	–13.5	high

● 90% or more. D–D: Deficit to deficit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. For further explanation, see page 61.

What lurks behind the headlines? Declining growth in electricity demand, down to 2% a year from 7% annually during the Fifties and Sixties. Many utilities won't need additional capacity until the end of the century. As a result, about 30% of the nation's major utilities now have enough internally generated cash to more than cover all their current construction needs. By 1990 that number ought to hit 90%.

The only thing holding back a rush of takeovers is state utility commissions. Deals put together by raiders like Carl Icahn are sanctioned, in effect, by the stock and capital markets. But buying a utility isn't like buying an airline or a soft-drink company. Utility takeover bids depend on regulators' approval. Star quality could be important. Portent: Late in the year, former Environmental Protection Agency head William Ruckelshaus led an investor group that offered $1 billion to buy Public Service Company of Indiana. Management balked and the deal never went through, but it's significant that the Ruckelshaus group included John Fisher, former chairman of Indiana-based Ball Corp., and Philip O'Connor, former chairman of the Illinois Commerce Commission—impressive investors with local ties.

Last year saw a merger between two utilities, Cleveland

Electric utilities

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Central Hudson G&E	86/•	6	15.3%	16.4%	87.2%	14.4%	11	8.0%	–6.9%	14	6.3%	8.8%	very high
Rochester G&E	63/84	7	15.2	13.6	92.6	13.4	9	8.3	–0.7	8	11.6	–15.0	very high
Potomac Electric	•/•	8	15.2	18.7	87.4	14.7	10	8.2	5.0	6	12.3	15.2	very high
Niagara Mohawk Power	77/•	9	15.1	14.0	81.9	15.1	7	8.8	–0.9	12	8.3	3.4	high
Consolidated Edison	80/89	10	15.0	13.1	55.5	10.3	17	6.6	–4.0	5	12.6	–2.3	very high
NY State E&G	84/•	11	14.7	15.3	120.2	17.7	2	13.9	3.3	16	5.3	8.7	high
Baltimore G&E	74/•	12	14.4	16.2	75.2	15.1	15	7.2	4.1	9	10.7	18.1	very high
Delmarva Power & Lt	83/•	13	14.3	15.6	95.4	12.9	21	6.2	4.5	7	12.2	5.1	very high
Orange & Rockland	73/87	14	13.9	14.0	70.1	8.4	14	7.4	–5.3	18	5.0	8.5	very high
Public Service NH	•/•	15	13.7	9.0	120.8	29.4	12	7.6	0.6	20	0.5	–8.8	very low
Philadelphia Electric	83/•	16	13.6	15.6	99.2	19.1	16	6.9	4.1	17	5.2	10.2	high
Boston Edison	•/•	17	13.1	14.5	84.6	9.0	18	6.5	–7.4	15	6.1	3.5	average
Public Serv Enterprise	68/86	18	12.9	14.7	84.8	12.2	13	7.5	4.8	13	7.2	7.4	high
Atlantic City Electric	•/•	19	12.7	14.2	88.3	12.2	6	9.0	–1.2	19	4.3	24.4	very low
Pennsylvania P&L	•/•	20	12.4	11.2	111.3	13.4	1	15.4	18.4	21	–0.2	1.8	very low
Central Maine Power	•/•	21	10.2	10.9	94.4	9.0	3	10.7	–1.4	22	–34.3	500.0+	low
General Public Utils	•/•	22	4.6	9.3	98.8	5.7	4	9.3	–1.2	1	48.0	30.5	high
Medians			**14.6**	**14.6**	**90.5**	**13.4**		**7.8**	**–1.0**		**8.4**	**4.3**	
North central													
Kansas City P&L	•/•	1	16.6%	12.6%	101.1%	19.1%	22	6.6%	13.0%	5	10.4%	–28.6%	high
Iowa-Illinois G&E	48/86	2	16.4	13.6	76.7	10.2	5	9.1	–0.6	11	7.9	–8.6	high
Wisconsin P&L	73/89	3	16.4	14.6	81.3	9.8	15	7.9	3.1	6	10.3	–5.4	very high
Kansas Power & Light	35/75	4	16.4	16.3	73.3	7.7	1	35.8	–9.7	4	10.6	12.5	very high
No States Power	63/•	5	16.3	16.0	83.3	11.5	2	9.7	3.4	2	13.3	13.3	very high
Wisconsin Electric	75/89	6	15.8	15.6	66.6	11.7	17	7.5	0.1	1	14.7	9.1	very high
Illinois Power	65/88	7	15.5	16.0	91.2	24.2	21	7.1	–0.6	12	6.6	12.6	average
Wisconsin Public Svc	63/•	8	15.4	14.4	59.1	8.8	13	8.3	–5.0	3	10.6	0.0	very high
Union Electric	•/NA	9	15.4	15.4	105.3	19.1	12	8.3	16.9	10	8.8	–5.0	high
Centerior Energy	•/•	10	15.2	14.0	133.6	20.2	18	7.4	3.7	8	9.5	–11.2	very high
Allegheny Power	•/•	11	15.1	15.8	117.8	11.8	19	7.3	–4.2	13	6.5	19.4	high
Commonwealth Ed	•/•	12	14.7	15.6	89.6	19.4	6	8.8	7.8	7	9.9	3.3	very high
Iowa Resources	•/•	13	14.2	14.3	147.6	14.7	23	5.9	–28.7	20	4.6	35.4	average
Ohio Edison	•/•	14	14.2	15.0	116.1	22.7	3	9.6	2.4	9	9.2	0.4	high
Ipalco Enterprises	•/•	15	14.1	13.3	106.7	14.9	14	8.1	6.8	19	4.7	4.3	low
Cincinnati G&E	63/•	16	13.7	19.2	103.6	13.1	10	8.4	0.5	14	6.4	24.5	average
CILCorp	59/80	17	13.5	15.1	100.7	8.9	24	5.6	3.0	14	6.4	30.4	high
Central Ill Pub Svc	75/•	18	13.4	13.1	78.5	12.4	11	8.4	–8.7	17	5.2	17.6	average
Louisville G&E	67/•	19	12.7	12.7	84.9	10.8	4	9.5	–1.6	18	4.9	–6.7	low
Duquesne Light	•/•	20	12.7	12.5	111.3	19.6	26	5.0	–0.9	21	4.4	–7.3	average
Detroit Edison	•/NA	21	12.4	14.8	103.4	16.6	8	8.5	5.4	16	5.6	12.7	high
DPL	70/NM	22	12.1	9.0	133.4	6.8	7	8.8	–2.3	24	–9.4	–33.8	low
Public Service Ind	•/•	23	11.9	65.3	236.6	13.1	8	8.5	19.8	25	–17.7	120.0	low

• 90% or more. D–D: Deficit to deficit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. For further explanation, see page 61.

Electric Illuminating Co. and Toledo Edison. That trend is likely to intensify. Small utilities in other states can aim for economies of scale by getting together.

During 1986 utility managers found outsiders poaching on their territorial monopolies. The town of Geneva, Ill., just north of Chicago, after doing some comparison shopping, decided to buy its power from Wisconsin Electric Power Co. instead of Commonwealth Edison, its traditional supplier. Major industrial customers can also defect by setting up their own lower-cost cogeneration (steam and electricity) plants to supply their own energy needs. To fight back, some utilities such as FPL Group, the holding company that owns Florida Power & Light, and Tucson Electric Power are themselves now investing in cogeneration plants.

With the outlook for fuel costs and interest rates unknowable and their allowable returns in the hands of state regulators, many utilities are already using their cash hoards to diversify. During 1986 utilities continued investing in savings and loans, insurance, cable television, real estate and coal. In 1987 the industry will certainly see more of that. In the electric utility business, the lesson of 1986 seems to be that the old rules no longer apply. ■

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
American Electric	●/●	24	11.8%	12.4%	135.0%	10.1%	25	5.3%	–0.7%	22	2.3%	0.8%	low
No Indiana Pub Svc	50/85	25	8.5	def	112.9	def	16	7.5	–7.8	23	–0.8	P–D	very low
Consumers Power	51/69	26	4.3	def	112.9	def	20	7.1	–2.9		NM	D–D	NM
Medians			**14.2**	**14.5**	**103.5**	**12.1**		**8.2**	**–0.3**		**6.5**	**2.1**	
Southeast													
Southern Company	●/●	1	15.0%	15.9%	128.9%	12.7%	1	12.6%	2.7%	3	10.5%	–1.6%	high
TECO Energy	●/●	2	14.7	13.6	89.3	11.1	6	9.6	4.7	9	4.6	–0.6	average
Florida Progress	●/●	3	14.2	17.3	103.3	9.5	7	8.7	22.3	1	12.9	8.4	high
Duke Power	●/●	4	14.1	13.8	74.7	14.2	5	11.6	14.5	8	5.3	5.3	high
Scana	70/●	5	14.0	14.6	91.7	10.7	1	12.6	–2.4	6	6.9	3.9	high
Carolina Power & Lt	●/●	6	13.7	14.5	91.4	17.7	3	11.9	5.3	5	7.1	0.0	very high
FPL Group	NA/NA	7	13.5	13.3	107.5	8.5	3	11.9	–1.9	4	8.8	–13.4	very high
Kentucky Utilities	●/●	8	12.4	12.2	69.9	12.0	8	7.3	1.4	2	12.8	–1.7	high
Dominion Resources	●/NA	9	11.4	13.0	119.7	12.2	9	5.5	7.2	7	5.9	6.7	high
Medians			**14.0**	**13.8**	**91.7**	**12.0**		**11.6**	**4.7**		**7.1**	**0.0**	
South central													
Southwestern Pub Svc	●/●	1	20.4%	19.6%	80.2%	15.0%	2	13.4%	–2.8%	1	12.0%	1.1%	very high
Texas Utilities	●/●	2	16.1	14.7	88.0	15.3	1	13.5	–4.1	4	6.1	0.2	very high
Central & South West	●/●	3	16.0	16.0	99.7	13.5	5	9.6	–3.7	2	8.7	4.8	very high
Gulf States Utilities	●/NA	4	14.1	12.2	116.7	17.5	3	11.7	–15.6	7	1.1	–12.5	very low
Oklahoma G&E	●/●	5	14.0	13.8	78.9	11.0	6	8.4	1.6	5	6.0	13.5	average
Houston Industries	86/NA	6	13.7	14.7	100.0	11.5	4	10.9	–9.8	3	8.2	–10.4	low
Middle South Utils	●/NA	7	13.3	9.8	134.9	11.0	7	5.9	9.4	6	1.2	–27.5	very low
Medians			**14.1**	**14.7**	**99.7**	**13.5**		**10.9**	**–3.7**		**6.1**	**0.2**	
Western													
San Diego G&E	80/●	1	16.9%	17.1%	66.9%	13.2%	4	12.2%	–2.5%	1	21.1%	14.6%	high
Southern Calif Edison	●/●	2	16.3	15.7	87.6	14.9	10	6.9	2.1	2	12.3	2.2	very high
Portland General	●/●	3	16.0	14.9	95.9	17.2	6	9.6	–0.5	4	7.2	22.5	high
PacifiCorp	52/72	4	15.6	13.7	106.8	11.8	3	14.2	3.4	5	7.1	–13.5	average
AZP Group	●/●	5	15.0	13.2	124.7	20.2	9	7.4	10.4	7	5.2	–6.2	high
Pacific G&E	59/77	6	14.5	14.7	84.2	13.6	7	9.1	–6.1	3	9.2	–2.2	high
Montana Power	47/58	7	14.4	18.2	74.7	19.7	12	4.7	15.3	8	1.2	111.0	very low
Public Service NM	54/87	8	14.3	12.8	74.9	21.9	1	17.7	3.0	12	–2.6	8.9	low
Puget Sound P&L	●/●	9	12.7	11.7	95.9	15.5	2	15.3	7.8	11	–2.2	–10.3	very low
Public Service Colo	58/79	10	12.5	8.8	90.4	5.6	8	8.8	–3.0	9	0.9	–31.5	very low
Utah Power & Light	●/●	11	12.1	11.7	83.3	14.3	5	11.8	–3.2	10	–1.5	13.0	very low
Hawaiian Electric	●/89	12	10.5	12.4	78.7	7.5	11	5.5	–12.5	6	6.4	11.6	low
Medians			**14.5**	**13.5**	**85.9**	**14.6**		**9.4**	**0.8**		**5.8**	**5.6**	
Industry medians			**14.3**	**14.5**	**93.5**	**13.1**		**8.4**	**–0.6**		**6.8**	**2.8**	
All-industry medians	-		**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. D–D: Deficit to deficit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. For further explanation, see page 61.

FINANCIAL SERVICES

It was a sensational year for Wall Street, but as it ended there were clear signs of strain.

By Matthew Schifrin

A TRUE CONTRARIAN WOULD BE BEARISH on financial services. During 1986 the Dow Jones industrial average approached 2000, trading volume routinely surged above 100 million shares a day on the New York Stock Exchange and brokerage revenues climbed above $50 billion, with net profits of about $3 billion. The so-called restructuring of industry created huge fees and huger trading profits. At least a dozen brokers sold chunks of their firms to outsiders. Industry capital rose from $22 billion to almost $30 billion. Nearly every new M.B.A. lusted for a career in investment banking.

At times like this, with the profits pouring in and the future looking rosy, the contrarian looks for a downturn. The insider trading scandal might trigger it. Or a collapse in the junk bond market. Or something else from way out in left field.

At any rate, the bonanza can't last. Huge profits earned by firms like First Boston have created what analyst Brenda McCoy at Merrill Lynch calls the capital markets supermarket phenomenon. "Everybody is trying to service every area of the capital markets," she says. With players crowding in, profits will shrink. "You used to get a ¼-point spread on Ginny Maes. Now it's $^1/_{16}$ or ⅛," says one trader. So far, the market's volume has hidden the margin squeeze. But what

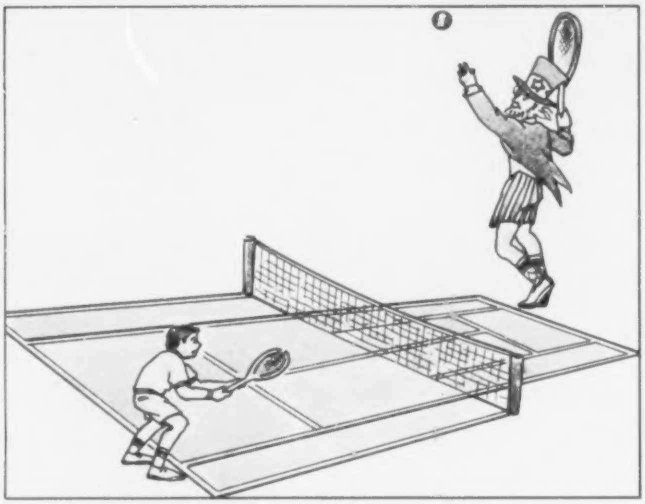
Financial services

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Financial companies													
Student Loan	●/●	1	40.0%	28.3%	1925.6%	10.1%	4	29.8%	11.0%	2	54.2%	25.9%	very high
H&R Block	57/81	2	23.7	21.8	2.0	9.7	5	16.3	24.6	5	8.8	4.8	very high
Southmark	76/85	3	22.7	12.3	175.8	13.6	1	99.3	5.9	1	110.4	–29.2	very high
Equifax	●/●	4	22.1	26.4	19.5	4.0	8	8.6	14.4	4	9.2	40.5	average
American Express	●/●	5	17.5	24.1	122.3	7.8	3	37.1	10.2	7	3.7	77.1	low
Integrated Resources	61/60	6	15.7	1.1	118.2	4.1	2	47.9	26.2	6	7.5	–76.1	low
Household International	49/68	7	12.1	13.7	368.3	5.6	11	–7.2	–57.0	3	9.3	6.4	average
Gulf & Western	45/61	8	7.9	11.7	74.6	6.4	12	–13.8	11.7		NM	2.7	NM
Beneficial Corp	52/●	9	5.2	def	404.1	def	10	–5.9	0.0		NM	P–D	NM
Commercial Credit	76/58	10	3.4†	1.5	215.3	1.3	9	5.5‡	–13.7		NM	–69.4	NM
Cigna	39/PD	11	1.9†	def	9.4	def	7	10.2	4.4		NM	P–D	NM
Fedl Natl Mortgage	●/●	12	def	11.3	3930.8	1.4	6	14.8	6.1		NM	D–P	NM
Medians			**13.9**	**12.0**	**149.1**	**4.9**		**12.5**	**8.2**		**5.6**	**2.7**	
Brokerage houses													
First Boston	●/●	1	26.9%	18.5%	43.3%	5.1%	2	32.6%	27.0%	1	18.9%	11.3%	average
Salomon	18/68	2	20.9	19.1	151.6	2.2	7	3.9	–5.9	2	–0.9	91.9	very low
PaineWebber Group	●/●	3	19.4	13.8	130.9	3.0	6	16.3	26.5	3	–5.9‡	84.6	very low
EF Hutton Group	74/DP	4	17.3	2.9	36.7	0.8	4	23.5	9.2	5	–17.4	–75.3	average
Merrill Lynch	87/85	5	15.0	13.9	162.2	3.8	5	17.2	34.2	4	–11.0	64.1	low
Bear Stearns Cos	●/●		NA	37.1	45.0	5.7	1	51.1‡	5.1		NA	4.9	NA
Morgan Stanley	●/●		NA	49.7	57.9	7.4	3	30.7‡	NA		NA	NA	NA
Medians			**19.4**	**18.5**	**57.9**	**3.8**		**23.5**	**17.9**		**–5.9**	**11.3**	
Commodity traders													
Salomon	81/31	1	20.9%	19.1%	151.6%	2.2%	1	3.9%	–5.9%	2	–0.9%	91.9%	very low
Commercial Metals	63/20	2	8.7	10.5	25.9	1.6	3	–4.7	–13.1	3	–10.3	49.5	average
Kay	65/52	3	7.4	19.7	74.0	1.8	2	–2.3	37.5	1	37.6‡‡	181.7	average
Medians			**8.7**	**19.1**	**74.0**	**1.8**		**–2.3**	**–5.9**		**–0.9**	**91.9**	
Industry medians			**16.5**	**13.9**	**120.3**	**3.9**		**15.6**	**9.2**		**–0.9**	**8.9**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

●90% or more. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. †Four-year average. ‡Four-year growth. ‡‡Three-year growth. For further explanation, see page 61.

Whose Advantage?



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happens when volume drops? "You see a lot of red ink," says Perrin Long at Lipper Analytical. Whether with a bang or with a whimper, the boom in investment services will end. That could happen in 1987. ■

Most improved

Despite American Express' 77% 12-month earnings gain, 1986's most improved financial services company was the huge quasi-government agency, Federal National Mortgage Association. After nearly six years of restructuring, Fannie Mae is finally—and firmly—moving into the black.

"When I came here in 1981, we had a negative net worth of over $12 billion," says Chief Executive David Maxwell, 56. Maxwell has been replacing low-rate mortgages in Fannie Mae's $95 billion portfolio with shorter maturities and adjustable rates. To reduce exposure to rate swings, Maxwell increased fee income for guarantees and commitments. "We are in more control of our destiny now," he says.

Paul Fetters

David Maxwell of Fanny Mae

Fannie Mae's earnings in 1986 were around $2.50 per share, vs. 52 cents in 1985. Analyst Carole Berger at C.J. Lawrence expects that more portfolio restructuring over the next 2½ years will yield $1.2 billion in pretax interest savings. That's $16.10 for each of Fannie Mae's 74.5 million common shares. This doesn't include fee income, which accounted for $487 million in pretax profits. Next year Berger expects $3.85 in aftertax earnings and by 1990 perhaps $12.75. Some gain for a company that was a basket case three years ago.

FOOD DISTRIBUTORS

Grocery stocks got hot, thanks to takeovers, but don't expect this low-margin business to get more profitable anytime soon.

By Ralph King Jr.

SUPERMARKETS AND FOOD WHOLESALERS haven't excited investors for years. But when Dart Group started to reach for Safeway Stores, even as raider Asher Edelman began eyeing Lucky Stores, stocks throughout the industry took off. "Supermarket stocks have been as hot as they'll ever be these last couple months," said Susan Schmierer, a Prudential-Bache analyst, in November. "My clients are beginning to wonder if there's something they missed."

Undervalued assets—real estate in particular—and cash flows plainly attracted corporate raiders, but in 1986 the

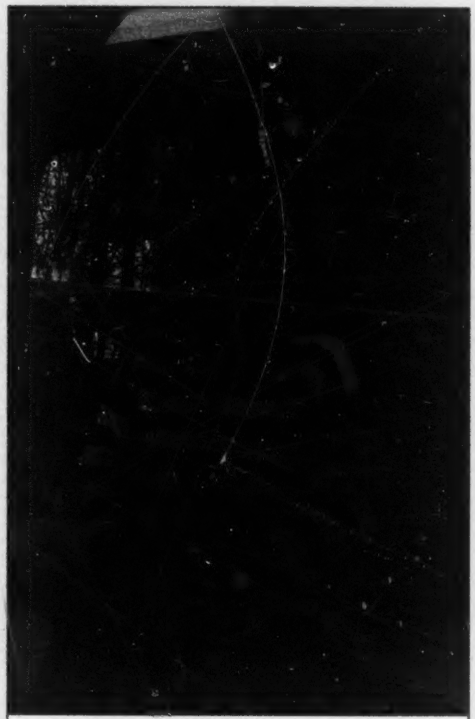
Food distributors

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Wholesale and supply													
Allegheny Beverage	83/79	1	40.3%	def	142.0%	def	1	37.4%	49.2%		NM	P–D	NM
Super Rite Foods	51/49	2	27.2	7.7%	110.8	0.4%	2	27.4	12.1	4	24.9%	–55.7%	average
Super Valu Stores	86/72	3	24.6	15.7	76.5	1.0	11	13.2	20.5	9	12.1	–8.1	high
Culbro	39/NA	4	24.0	18.2	19.1	3.0	3	24.8	–3.8	12	7.2	161.3	very low
Marriott	37/30	5	22.9	21.1	200.0	3.9	5	20.0	21.3	6	18.7	17.1	very high
Transworld	67/59	6	20.7†	23.6	26.0	7.2	16	5.4	29.0	1	33.4	74.1	average
Sysco	●/●	7	19.6	16.4	25.5	1.8	8	17.3	21.5	7	15.9	13.1	very high
Collins Foods Intl	35/17	8	19.1	10.6	123.6	2.2	10	14.3	17.8	5	24.6	–34.7	very high
Fleming Cos	●/●	9	18.0	12.0	49.7	0.7	6	19.9	11.3	8	12.9	–14.3	very high
Morrison	30/23	10	16.2	7.9	4.3	2.2	12	11.4	11.5	11	7.5	–34.4	high
Super Food Services	●/●	11	14.1	16.5	67.7	0.7	14	7.6	1.8	2	30.9	12.1	very high
Rykoff-Sexton	●/●	12	13.4	7.9	142.7	0.7	4	23.5	25.4	10	7.6	–42.9	average
Wetterau	●/83	13	13.3	15.5	72.7	0.9	7	17.9	19.3	3	27.6	0.4	average
Nash Finch	59/78	14	13.3	12.7	48.1	1.0	15	5.7	9.7	14	3.0	13.1	high
Carson Pirie Scott	34/54	15	10.5	8.0	83.5	1.2	9	16.7	5.6	13	6.1	–37.0	low
Staley Continental	54/38	16	9.3	3.8	81.4	0.9	13	8.0	10.4	16	–44.7	363.2	high
Farm House Foods	●/82	17	9.1	5.7	123.6	0.3	19	–12.3	11.3	15	–13.0	–35.3	very low
Di Giorgio	63/31	18	5.1	13.0	52.3	1.5	17	4.7	2.6		NM	500.0+	NM
Allied Supermarkets	41/NA	19	0.4††	4.8	114.7	1.1	18	–2.9	–19.6		NM	D–P	NM
Medians			**16.2**	**12.0**	**76.5**	**1.0**		**14.3**	**11.5**		**7.6**	**–3.9**	
Major supermarkets													
American Stores	NA/NA	1	27.1%	16.4%	100.9%	1.1%	1	17.1%	–2.5%	2	30.2%	–29.2%	high
Supermarkets General	89/84	2	21.2	18.7	42.2	1.3	2	13.8	4.7	3	17.4	2.9	very high
Albertson's	●/●	3	21.1	18.3	33.5	1.8	5	10.7	6.0	5	14.2	16.3	very high
Winn-Dixie Stores	●/●	4	19.6	16.5	13.9	1.3	7	7.0	5.7	7	6.2	3.4	high
Stop & Shop Cos	49/67	5	18.9	10.5	80.9	1.1	3	13.1	12.9	4	16.3	–14.9	low

●90% or more. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 61.

Most improved



Kroger's ex-President William Kagler

Don't look to profits or return on equity for the reason Kroger Co. stands out as the most improved food distributor in 1986. The payoff lies just ahead, thanks to a thorough housecleaning last summer that left the Cincinnati-based supermarket chain focused on what it does best: food retailing.

In the early Eighties Kroger lagged the industry because of ill-advised expansion and high overhead costs. But credit William Kagler, its president since 1983, for taking the tough actions that were long overdue. "We had really lost sight of the impact of inflation," Kagler says. "My goal was to make pruning an everyday activity. Getting rid of stores that don't work is just as honorable as building stores that do."

Among Kagler's actions: closing not only several inefficient manufacturing plants but also over 100 unprofitable stores in tight markets like St. Louis, and trimming 25% of its bloated and ingrown corporate staff. Further, Kroger's weak drugstore operations were put on the block. The streamlining triggered special charges of $94.4 million but also freed cash to reduce debt, buy back stock and build stores in bustling cities like Richmond, Va. and Greenville, S.C.

In the first nine months of 1986, earnings per share from continuing operations rose 6.3%, to $1.35, from the year-ago period. Meanwhile, sales increased 5.6%. Before year-end, Kroger planned to retire about one-third of its long-term debt. Dropping below 19 in 1985, its stock recently traded at 30½ after a 2-for-1 split in September. That's in line with the Dow's P/E of 16, and ahead of the industry's 15% discount.

Kagler's reward for getting his company back in the pink? A pink slip, handed to him in October by longtime Chairman Lyle Everingham, who didn't like Kagler's abrasive style and couldn't stomach more housecleaning. Says Everingham: "We hope now for a period of stability and predictability."

Chairman Lyle Everingham

Photos by D. Gorton

Food distributors

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Lucky Stores	66/52	6	17.7%	9.4%	69.7%	0.9%	6	7.9%	–24.9%	8	–0.9%	–44.1%	very low
Kroger	●/86	7	15.7	7.4	67.0	0.5	4	11.5	1.5	9	–1.2	–50.1	very low
Safeway Stores	●/●	8	13.8	10.8	90.9	0.9	8	5.5	–0.6	6	11.1	–28.3	high
Great A&P Tea	●/●	9	def	8.9	50.9	0.9	9	–0.9	9.4	1	39.6‡‡	2.0	very high
Medians			**18.9**	**10.8**	**67.0**	**1.1**		**10.7**	**4.7**		**14.2**	**–14.9**	
Regional supermarkets													
Big Bear	78/75	1	36.5%	20.3%	48.2%	1.5%	9	9.5%	4.1%	3	27.3%	–11.0%	very high
Bruno's	●/●	2	33.9	18.6	8.0	2.9	3	15.9	13.3	4	26.2	8.3	very high
Food Lion	●/●	3	29.4	27.7	21.9	2.6	1	28.5	25.6	5	25.0	28.6	very high
Super Rite Foods	48/50	4	27.2	7.7	110.8	0.4	2	27.4	12.1	6	24.9	–55.7	average
Shaw's Supermarkets	●/●	5	25.3†	20.5	54.7	1.5	6	12.9‡	16.5	8	18.5‡	4.2	very high
Fred Meyer	65/NA	6	23.8††	19.9	206.1	1.3	5	13.5‡‡	NA	1	42.3‡‡	NA	high
Giant Food	●/●	7	22.8	21.8	46.0	2.5	11	8.6	6.7	2	28.0	15.2	very high
Delchamps	●/●	8	20.7	10.7	49.0	1.1	4	15.8	9.2	12	9.7	–22.5	very high
Hannaford Bros	●/●	9	20.1	17.6	50.9	2.1	8	10.9	8.2	9	13.8	18.9	very high
Weis Markets	●/●	10	19.9	17.3	0.0	5.9	12	8.3	8.9	10	12.8	7.9	very high
Cullum Cos	●/●	11	19.0	15.7	38.7	1.7	18	6.7	–6.7	17	5.4	0.0	average
Big V Supermarkets	●/●	12	16.5	13.0	49.3	1.0	19	6.3	2.0	21	–9.0	7.3	very low
Ruddick	84/48	13	14.4	12.3	39.8	1.5	7	12.9	0.2	16	7.1	7.7	high
Waldbaum	●/●	14	14.3	9.7	76.8	0.8	16	6.9	4.5	15	9.0	–15.2	average
Nash Finch	40/21	15	13.3	12.7	48.1	1.0	20	5.7	9.7	19	3.0	13.1	high
Marsh Supermarkets	NA/NA	16	12.6	14.4	115.9	0.9	14	7.2	21.6	20	–4.8	35.1	very low
Arden Group	84/61	17	12.4	14.1	59.1	1.3	26	–4.5	–1.9	7	19.7	–22.3	average
Seaway Food Town	●/●	18	11.0	5.1	103.4	0.4	22	3.6	–1.7	22	–10.2	–51.3	low
Godfrey	●/●	19	10.5	20.4	53.8	1.1	13	7.4	13.1	14	9.0	92.3	low
Penn Traffic	●/87	20	9.9	12.4	50.1	1.4	21	5.6	–3.0	18	3.7	51.3	very low
Pueblo International	●/●	21	8.4	11.1	125.3	0.9	15	7.1	16.6	11	11.4	79.3	average
Fisher Foods	●/●	22	6.1	def	49.9	def	27	–21.6	20.8		NM	P–D	NM
Foodarama Supermkts	●/●	23	4.9	11.9	49.3	0.6	23	1.6	4.0	13	9.6‡	–5.5	low
Allied Supermarkets	57/NA	24	0.4††	4.8	114.7	1.1	25	–2.9	–19.6		NM	D–P	NM
Borman's	●/●	25	def	21.1	110.5	0.6	24	0.3	1.7		NM	272.1	NM
Stater Bros	●/●		NA	87.6	267.5	0.7	10	9.5	10.8		NA	127.7	NA
Tops Markets	78/NA		NA	16.7	122.9	1.0	17	6.9‡	3.6		NA	–10.7	NA
Medians			**14.4**	**14.4**	**50.9**	**1.1**		**7.2**	**7.5**		**9.6**	**7.5**	
Convenience stores													
Natl Convenience	●/●	1	24.3%	4.3%	281.1%	0.5%	3	15.8%	–6.9%	3	9.4%	–66.0%	high
Southland	65/66	2	16.7	14.8	38.2	2.4	1	22.9	–22.7	2	13.2	4.5	very high
Circle K	●/●	3	15.9	19.5	180.1	2.0	2	22.8	22.6		NM	–0.6	NM
Munford	78/84	4	15.2	6.8	71.2	0.8	4	7.7	5.6	1	37.1	–37.1	average
Medians			**16.3**	**10.8**	**125.7**	**1.4**		**19.3**	**–0.7**		**11.3**	**–18.9**	
Restaurant chains													
Shoney's	89/89	1	24.3%	19.3%	11.4%	7.1%	2	20.3%	14.5%	2	22.3%	18.0%	very high
McDonald's	●/●	2	22.5	21.9	79.3	11.6	5	11.0	13.3	4	15.2	13.4	very high
Wendy's Intl	●/●	3	22.5	2.8	45.6	1.0	1	25.4	6.0	3	16.1	–84.2	very high
Collins Foods Intl	64/82	4	19.1	10.6	123.6	2.2	3	14.3	17.8	1	24.6	–34.7	very high
PepsiCo	25/22	5	18.6	23.6	123.0	4.8	10	5.3	12.8	6	8.1	–14.1	low
Church's Fried	●/●	6	18.1	3.7	13.9	2.1	9	7.7	–13.6	11	–7.6	–76.5	low
Pillsbury	45/59	7	17.2	17.0	73.3	3.6	8	8.8	22.4	5	10.4	8.0	very high
Morrison	63/71	8	16.2	7.9	4.3	2.2	4	11.4	11.5	7	7.5	–34.4	high
Jerrico	●/●	9	15.8	13.7	14.6	4.8	6	10.0	8.4	9	3.7	18.2	average
WR Grace	19/ 7	10	11.6	6.8	91.7	2.5	12	–2.0	–24.1	12	–16.8	–7.6	high
Ponderosa	●/●	11	9.6	8.1	24.9	2.3	7	9.0	4.3	10	–3.5	500.0+	very low
General Mills	22/21		NA	25.8	62.0	4.1	11	5.0‡	8.7	8	4.7‡	59.2	very low
Medians			**18.1**	**12.2**	**53.8**	**3.1**		**9.5**	**10.1**		**7.8**	**0.2**	
Industry medians			**17.0**	**13.0**	**62.0**	**1.2**		**9.5**	**8.8**		**9.6**	**1.2**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

●90% or more. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 61.

Wholesalers have struggled to keep their own houses in order. Firms like Super Valu Stores and Fleming have lowered handling costs by investing in large-scale mechanization and high-tech inventory control systems. They have been aggressive acquirers, too. Consolidation has already cut the number of operators by two-thirds since 1979, to a total of 325 nationwide.

industry itself remained a plodding business with micromargins. Worse, slower growth in food prices for more than two years has forced grocery chains to cut costs mercilessly, labor most of all.

Beyond mere speculative plays, the chains that seem best positioned to reward investors in years ahead are those that poured capital into their operations over the past few years. Increasingly favored are supersize stores of 35,000 square feet costing up to $5 million each to open and using a combination food/drug format to attract shoppers. Albertson's opened 21 such stores in 1986 and plans to add another 30 or so in 1987. Great Atlantic & Pacific Tea Co. finds it cheaper to buy than build, adding nearly 200 units with the acquisition of both the Shopwell and Waldbaum chains in 1986.

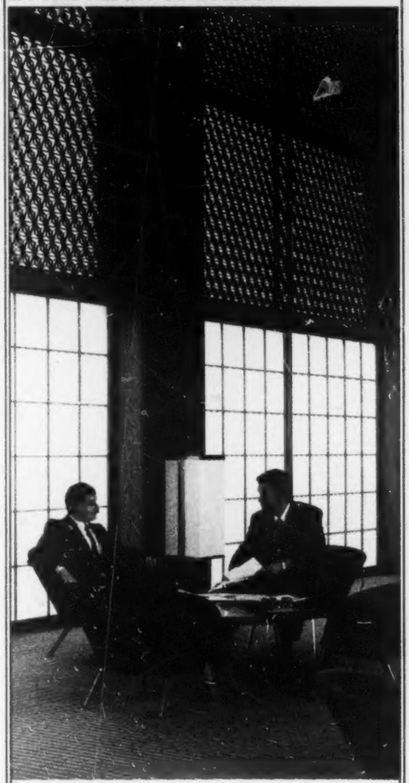
Efforts to tailor general retail formats to distinct neighborhoods continued. In the New York metropolitan area, A&P added to a broad range of outlets, from food/drug stores to warehouse stores to conventional units with large ethnic-oriented departments. "You can no longer just talk about supermarkets generically," says Martin McDevitt, an industry analyst with Robert Baird & Co. in Milwaukee.

Wholesalers, meanwhile, have struggled to keep their own houses in order. Firms such as Super Valu Stores and Fleming have lowered handling costs by investing in large-scale mechanization and high-tech inventory control systems.

They have been aggressive acquirers, too. Consolidation has already cut the number of wholesale operators by two-thirds since 1979, bringing it to a current total of 325 nationwide, and it is expected that by 1990 the number will decline further, to a mere 100.

The company topping FORBES' wholesale and supply group in the Yardsticks, Allegheny Beverage, will surely lose that place next year. After selling its profitable Pepsi bottling unit in 1985, the firm leapt into industrial food service with a $225 million acquisition. Bad call. That business slumped along with heavy industry generally and left Allegheny Beverage reeling under a huge debt load. The company recently announced plans to sell or spin off all its operating units. ■

IN THE HEART OF TOKYO...



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FOOD PROCESSORS

Falling food prices were disastrous for farmers, but the losses they suffered matched the profits reaped by the next link in the food chain—the processors.

By Janet Novack

FOR MOST PACKAGED FOOD COMPANIES 1986 was a year to relish lower commodity prices, fatter profits and a gift from Congress: tax reform. Even so, processors kept busy spinning off or selling laggard performers while buying back stock, piling on debt and looking for acquisitions to build market share—all to keep from becoming the target of some corporate raider on the prowl.

From January to October the Department of Agriculture's index of farm prices (1977 equals 100) fell from 113 to 97 as corn, wheat and soybean stockpiles grew to record levels. Meanwhile, consumers continued to gravitate toward high-priced brand names and high-margin convenience food items.

Result? Fatter profits for many food processing firms. Leaders increased their market share and margins, while generics, store brands and also-rans were squeezed. For example, since 1983 Kellogg and General Mills have boosted their combined

Most improved

General Mills' H. Brewster Atwater Jr. Steve Niedorf/Wheeler Pictures

When H. Brewster Atwater Jr. took over as General Mills' chief executive in 1981, revenues were approaching $5 billion, and Atwater confidently predicted sales of $8 billion by 1986. As things turned out, 1986 proved to be a banner year indeed, but revenues, at $4.6 billion, were lower than in 1981. In the interim, consumer tastes turned against General Mills' trendy nonfood divisions, including Izod Lacoste and Parker Brothers. In 1985 Atwater spun off lagging operations, taking a writeoff of $188 million for discontinued operations and a $73 million net loss, thus positioning his company for a 1986 earnings surge that lifted the stock, which split 2-for-1 in November, by about 40%. Says he: "Our focus is now on our best businesses."

The strategy is paying off. "General Mills has been transformed into a premier earnings growth company," says Drexel Burnham analyst Alan Greditor. Numbers prove the point. Pretax earnings from continuing operations were up 20% during the company's fiscal 1986, ended in May—better than most major U.S. businesses. For the first half of fiscal 1987, per-share net from continuing operations rose 29%, while trailing 12-month return-on-equity from continuing operations hit 31%. Atwater says that over the next three years General Mills will pump $1.5 billion into its businesses, including $290 million into the Red Lobster chain, which is thriving with a greater emphasis on service and light foods. General Mills will also expand its Olive Garden dinner-house chain, as well as Talbots, a classic women's clothing retailer. Meanwhile, cereal division Big G has added market share. The company's strategy of focusing on its best businesses should continue to pay off for General Mills' investors.

Food processors

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Food commodities													
Savannah Foods	●/●	1	34.4%	12.7%	42.2%	2.1%	4	7.4%	4.4%	2	11.6%	–15.4%	very low
Pioneer Hi-Bred Intl	89/●	2	22.1	16.0	6.1	8.3	1	14.2	7.8	3	7.9	–28.0	low
CPC International	36/11	3	14.8	14.4	40.6	4.5	9	0.3	4.9	6	–7.4	35.8	average
Federal Co	25/22	4	14.6	18.7	12.7	3.9	5	5.3	–0.5	1	29.5	30.2	high
Intl Multifoods	49/62	5	13.7	10.4	23.6	1.7	7	3.5	12.8	5	–5.6	–15.1	low
Archer-Daniels	●/●	6	12.5	13.1	26.5	4.7	2	11.0	9.6	4	–5.5	37.7	low
Zapata	32/DD	7	10.8	def	190.8	def	10	–11.9	–34.2		NM	P–D	NM
Staley Continental	45/61	8	9.3	3.8	81.4	0.9	3	8.0	10.4	8	–44.7	363.2	high
DeKalb	69/DD	9	6.6	def	49.7	def	8	0.5	–25.9	7	–12.6	P–D	average
Amfac	25/31	10	0.2	def	80.9	def	6	4.3	–3.4		NM	D–D	NM
Medians			**13.1**	**11.6**	**41.4**	**1.9**		**4.8**	**4.7**		**–6.5**	**–15.3**	
Meatpacking													
Monfort of Colorado	●/●	1	31.9%	27.5%	9.8%	1.6%	3	16.3%	7.8%	3	13.6‡%	76.4%	average
Tyson Foods	●/●	2	22.5	32.4	80.1	3.3	2	20.9	32.4	1	94.2	34.1	very high
Federal Co	64/75	3	14.6	18.7	12.7	3.9	5	5.3	–0.5	2	29.5	30.2	high
George A Hormel	●/●	4	12.3	11.9	19.4	2.0	7	1.9	24.7	5	3.0	14.9	low
Occidental Petroleum	42/ 5	5	11.9	2.6	153.3	1.2	6	2.8	1.3	6	–23.3	–79.0	average
Smithfield Foods	●/●	6	10.0	22.1	137.7	0.8	1	31.1	25.7	4	3.6	66.0	very low
Thorn Apple Valley	●/DD	7	4.3	def	100.4	def	4	8.0	–3.6		NM	D–D	NM
United Brands	54/30	8	1.1	13.7	51.8	1.6	8	–5.6	2.0		NM	42.5	NM
Wilson Foods	●/DD	9	def	def	123.7	def	9	–7.1	–5.2		NM	D–D	NM
Medians			**11.9**	**13.7**	**80.1**	**1.6**		**5.3**	**2.0**		**3.0**	**30.2**	
Branded foods													
Kellogg	●/●	1	33.4%	44.2%	31.4%	9.3%	15	5.6%	13.9%	8	11.8%	12.9%	high
Dean Foods	●/●	2	24.4	21.7	23.5	3.1	6	10.3	12.6	2	19.7	6.1	very high
RJR Nabisco	NA/NA	3	22.8	19.8	84.8	6.6	5	12.0	42.6	12	10.1	–11.2	high
ConAgra	54/71	4	22.2	21.9	59.8	1.8	1	42.1	8.9	4	15.8	17.2	high
HJ Heinz	●/●	5	21.2	23.3	21.6	7.0	14	5.7	8.0	7	12.8	12.1	very high
Flowers Industries	●/●	6	19.9	19.5	68.2	4.2	2	14.5	13.1	5	15.5	13.3	very high
Hershey Foods	76/83	7	19.2	18.0	14.1	6.2	11	8.6	5.9	15	9.4	17.8	very high
Ralston Purina	87/●	8	19.1	46.6	187.3	7.5	21	2.2	–6.0	1	20.6	70.5	average
Sara Lee	70/48	9	19.1	19.8	51.6	2.8	12	8.5	–0.5	9	11.6	12.2	very high
Chesebrough-Pond's	12/29	10	19.0	17.6	106.2	4.5	4	12.1	21.3	23	–4.1	9.7	low
Curtice-Burns Foods	●/●	11	19.0	12.6	19[illegible]1	1.4	3	12.3	–6.3	3	16.4	–13.2	very high
McCormick	●/●	12	18.7	11.2	33.2	3.1	10	8.6	12.0	6	15.1	7.7	low
PepsiCo	35/46	13	18.6	23.6	123.0	4.8	16	5.3	12.8	18	8.1	–14.1	low
Pillsbury	51/40	14	17.2	17.0	73.3	3.6	9	8.8	22.4	11	10.4	8.0	very high
Quaker Oats	80/82	15	16.7	22.8	19.4	4.9	13	7.7	8.2	17	8.3	21.7	low
Gerber Products	51/69	16	16.0	11.1	33.5	4.3	8	9.2	2.3	19	7.6	–22.3	average
Universal Foods	54/NA	17	15.9	11.4	71.2	2.6	18	3.9	22.8	20	6.6	–15.0	low
Wm Wrigley Jr	●/●	18	15.9	20.0	0.0	7.6	22	1.3	12.3	10	11.3	21.9	very high
Campbell Soup	●/●	19	15.3	16.1	23.5	5.1	7	9.4	9.8	13	9.9	12.8	very high
Kraft	71/70	20	15.3	14.8	10.1	4.7	26	0.3	–7.9	16	8.5	–4.8	high
CPC International	59/86	21	14.8	14.4	40.6	4.5	27	0.3	4.9	25	–7.4	35.8	average
Borden	67/67	22	13.7	15.3	37.2	4.3	25	0.8	6.0	14	9.4	14.8	very high
Intl Multifoods	23/26	23	13.7	10.4	23.6	1.7	19	3.5	12.8	24	–5.6	–15.1	low
IC Industries	20/23	24	8.4	def	100.7	def	24	0.8	–3.6	22	1.3	P–D	very low
Ogden	25/45	25	8.2	def	51.0	def	30	–11.4	–30.6		NM	P–D	NM
American Maize	78/●	26	5.3	1.4	122.1	0.4	23	0.8	1.7		NM	36.4	NM
United Brands	41/64	27	1.1	13.7	51.8	1.6	29	–5.6	2.0		NM	42.5	NM
American Bakeries	●/88	28	0.2	12.4	20.6	1.7	28	–2.7	–1.4		NM	16.7	NM
Interstate Bakeries	●/●	29	def	19.5	74.9	2.2	20	2.4	0.3		NM	215.3	NM
Castle & Cook	NA/NA		NA	13.0	63.3	4.2		NA	3.7		NM	200.0	NM
General Mills	66/72		NA	25.8	62.0	4.1	17	5.0‡	8.7	21	4.7‡	59.2	very low
Medians			**16.7**	**17.0**	**51.6**	**4.2**		**5.5**	**8.0**		**8.5**	**12.8**	
Industry medians			**15.1**	**14.6**	**51.3**	**3.1**		**5.3**	**6.0**		**7.1**	**12.9**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. **DD:** Segment deficit, total deficit. D–D: Deficit to deficit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. For further explanation, see page 61.

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FLORIDA

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share of the breakfast cereal market some seven points, to about 66%, while Quaker Oats Co. and General Foods' Post cereals have seen their shares erode. Abetting the consolidation trend, says Sara Lee Chairman John Bryan Jr., was relaxed antitrust enforcement. "In the 1960s you didn't have the option to build your existing business through acquisition. You had to get into businesses you didn't know anything about," he says.

Now the situation is different. In September International Multifoods Corp. announced plans to sell off most of its regional and private labels and concentrate instead on food service and other businesses. Meanwhile, Quaker Oats put its specialty retailing units up for sale while acquiring established brand names, including Rice-a-Roni and, via the acquisition of Anderson Clayton, Gaines pet food. The Gaines line will allow Quaker to double its pet food share, to 21%.

In 1986 consumers continued to gravitate toward high-priced brand names and high-margin convenience food items. Result? Fatter profits for many food processing firms. Leaders increased their market share and margins.

Many firms, including Ralston Purina, Borden, Heinz and General Mills, used their wealth to lift their stock prices by buying back shares. But the buyback pace will likely slow in the year ahead, since tax reform makes higher dividends a more attractive way to boost shareholder returns.

Will 1987 yield food processors enough cash for higher payouts? William Blair & Co. analyst Ronald Strauss figures the money will be there. He expects the group's pretax profits to rise 9% to 11% in 1987, as commodity prices continue low and margins continue to expand. With the food group a beneficiary of tax reform, aftertax net should rise about 17% to 18%, he adds.

Meanwhile, in another plus for the industry, the spectacular growth in eating out seems to be leveling off. Says Prudential-Bache analyst John McMillin, "Two of the biggest positives for food processors have been the microwave and the VCR. Now you can have fast food at home and watch a movie to boot." ■

HEALTH

Prescription for profits: Consolidate, emphasize the core business and exploit the falling dollar.

By Michael Fritz

A THIRD YEAR OF PRECIPITOUS DECLINES in hospital admissions and Washington's continuing clampdown on Medicare spending made 1986 a year of consolidation and frantic cost-cutting for most companies in this industry. Firms with foreign manufacturing or sales operations fared better, thanks to a weakening U.S. dollar. But if currency translation gains hadn't buoyed them, the entire health industry would have looked wan.

The solution? If you're a drugmaker, the answer was obvious: Sell off any sideline businesses you may have had in medical supplies and other distractions and concentrate instead on your core activities. Thus, Warner-Lambert amputated Reichert Scientific Instruments and Deseret Medical to focus more closely on pharmaceuticals (FORBES, *Nov. 17, 1986*). Similarly, Rorer Group, which sold its Cilco and Richards Manufacturing surgical products businesses, now wants to trade its Armour Pharmaceutical blood plasma division for an over-the-counter or prescription drug line. American Home Products is in the process of selling its $460 million Brach's candy division.

Medical suppliers also retrenched to primary businesses. Baxter Travenol, having acquired American Hospital Supply in November 1985, sold five divisions and announced plans to cut its work force by 5,000 over the next four months. Johnson & Johnson Co. dumped its moneylosing Technicare and ultrasound diagnostic imaging divisions, along with other assets.

Why are margins so tight throughout much of the industry? Overcapacity, for one thing. After declining 4.9% in 1985, hospital admissions fell another 2.5% in 1986, resulting in an average 64% occupancy rate across the country. Medicare's 1.2% increase in fixed-fee payments was more than offset by

Most improved

Becton Dickinson Chairman Wesley Howe

Ted Kappler

For sticking to a painful restructuring plan that tripled earnings on a 20% increase in sales over the last three years, Becton Dickinson earned the title of most improved among health companies for 1986. Under Chairman Wesley Howe, Paramus, N.J.-based Becton was slow to react to the industrywide profit squeeze. But when the company did get into gear, it pared operations deeply, made difficult staff cuts and invested smartly in new technology.

Four years ago Becton's earnings were stalled at around $76 million annually. But by unloading low-margin businesses like its Endevco vibration monitor business for $38 million, consolidating its diagnostics operations and cutting manufacturing costs, Becton boasted 47% gross margins this year—a five-point gain over 1983 and two points above the average for the medical supply industry. Says Howe: "We sharpened our focus on the health care industry, sorted out those businesses with the best opportunity to do well, and Becton Dickinson is a far stronger company because of it."

Becton Dickinson's stock rewarded anyone who stuck with it during the company's three-year restructuring plan, rising from $18 at the end of 1983 to about $48 recently. That not only surpasses the broad market averages but beats the performance of competitors within the health industry as well.

an estimated 7.5% rise in in-patient expenses.

Hospitals, too, pared costs and dumped unprofitable properties. Hospital Corp. of America, the largest hospital chain, cut patient capacity 3% but still recorded a 3.6% loss in occupancies. National Medical Enterprises lopped off 20% of its holdings in the bloated general hospital market. It invested in nursing homes, psychiatric hospitals and rehabilitation facilities—all high-growth businesses.

Yet for the present gloom, the fundamentals in the hospital sector may in fact already be starting to improve. With the population aging, it is only a matter of time before the current decline in hospital admissions levels off, then begins to rise again. More important, consolidation within the industry has already reduced the number of available beds by 4% in the last three years, and as the process continues, occupancy rates will inevitably rise. ■

Health

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Drugs													
American Home Prods	67/79	1	34.3%	33.4%	1.7%	15.6%	13	3.9%	5.4%	8	10.9%	9.1%	very high
SmithKline Beckman	70/●	2	28.7	22.2	2.7	14.0	3	12.7	15.0	11	6.3	1.6	very high
Abbott Laboratories	55/71	3	26.8	28.3	25.3	14.1	5	10.4	13.6	3	17.7	18.8	very high
Bindley Western Inds	●/●	4	24.7	14.6	120.6	0.9	2	14.6	9.4	1	22.8	18.0	very high
Bristol-Myers	67/74	5	23.6	22.7	6.2	12.0	7	6.9	9.1	6	13.9	6.6	very high
Eli Lilly	NA/NA	6	22.6	23.4	14.3	15.7	12	4.7	10.4	9	10.5	10.8	very high
Merck	87/●	7	20.9	24.2	5.9	16.2	9	5.8	10.9	10	6.9	25.3	high
Pfizer	60/NA	8	19.7	21.2	8.4	14.7	8	5.9	11.1	2	18.2	11.8	very high
Rorer Group	●/●	9	19.3	52.9	97.9	20.8	11	4.9	22.9	13	0.1	218.1	very low
Bergen Brunswig	76/68	10	18.9	12.8	137.0	0.7	1	28.3	25.9	4	15.0	–15.4	very high
Upjohn	79/88	11	16.9	18.4	29.5	10.8	14	3.4	9.3	12	2.2	26.7	very low
Sterling Drug	32/NA	12	15.2	13.2	20.1	6.3	17	0.8	6.7	14	–0.6	–15.5	very low
Squibb	58/79	13	14.7	18.0	11.4	14.2	10	4.9	–5.3	7	11.8	22.1	very high
Schering-Plough	58/63	14	14.3	14.6	20.9	10.9	15	1.8	21.2	15	–1.7	13.6	very low
Bausch & Lomb	81/82	15	13.8	17.6	29.3	10.9	18	0.6	14.5	5	14.3	10.1	very low
McKesson	64/47	16	13.2	12.5	60.6	1.3	6	7.1	25.2	17	–3.0	10.1	low
American Cyanamid	32/57	17	10.9	9.9	34.2	4.3	16	0.9	3.7	16	–1.8	–0.3	very low
Warner-Lambert	66/68	18	5.1	def	42.2	def	19	–1.9	–5.3		NM	P–D	NM
National Intergroup	NA/NA	19	def	def	70.0	def	20	–10.7	312.1		NM	D–D	NM
AH Robins	NA/NA	20	def†	NE	NE	9.5	4	10.9	11.5		NM	D–P	NM
Medians			17.9	17.8	23.1	10.9		4.9	11.0		6.6	10.1	
Medical supplies													
SmithKline Beckman	29/ 8	1	28.7%	22.2%	2.7%	14.0%	2	12.7%	15.0%	4	6.3%	1.6%	very high
Abbott Laboratories	44/28	2	26.8	28.3	25.3	14.1	3	10.4	13.6	1	17.7	18.8	very high
Johnson & Johnson	34/14	3	19.4	10.9	8.1	5.2	6	5.3	9.5	3	7.0	–38.5	high
Hillenbrand Inds	27/33	4	17.7	17.3	47.5	7.3	5	9.4	20.7	2	7.5	24.5	high
Baxter Travenol Labs	●/●	5	14.1	15.7	76.4	9.2	4	10.1	150.3	7	–13.8	500.0+	very low
Becton Dickinson	83/86	6	11.8	15.6	33.0	8.5	7	3.3	14.7	5	0.5	24.8	very low
Corning Glass Works	27/27	7	9.0	13.6	23.5	9.0	8	2.1	7.1	6	–4.3	70.1	low
Henley Group	NA/NA		NA	NA	3.0	def	1	24.5‡	NA		NA	NA	NA
Medians			17.7	15.7	24.4	8.8		9.8	14.7		6.3	24.5	
Health care services													
Charter Medical	●/●	1	36.4%	20.1%	210.8%	6.9%	6	26.1%	23.0%	2	38.4%	8.0%	very high
Humana	●/●	2	32.8	6.0	135.6	2.1	8	14.2	18.8	4	27.3	–74.4	very high
Maxicare Health	●/●	3	31.8††	15.1	52.2	4.9	1	64.2	44.6	1	89.4‡‡	57.8	very high
Manor Care	79/84	4	28.7	24.9	190.2	8.0	2	54.0	4.5	3	36.3	11.5	very high
American Medical	●/●	5	20.6	def	233.6	def	5	31.7	10.3	8	12.6	P–D	high
National Medical	●/●	6	19.6	9.5	134.7	3.1	4	33.3	18.1	5	21.5	–39.1	very high
Hospital Corp	●/●	7	18.2	11.0	137.7	4.8	7	24.8	19.7	7	21.2	–29.6	very high
Beverly Enterprises	●/57	8	15.2	11.8	178.1	3.7	3	42.0	19.5	6	21.4	13.7	very high
Medians			24.7	11.4	157.9	4.3		32.5	19.2		24.4	–10.8	
Industry medians			19.3	15.6	31.3	8.3		8.3	13.6		10.5	10.5	
All-industry medians			12.6	13.0	46.0	3.9		7.1	3.9		–0.9	2.8	

● 90% or more. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 61.

HEAVY EQUIPMENT

The industry is still trying to dig out from under a decade of disappointment.

By Barry Stavro

FOR MANY COMPANIES in this group the 1980s have been like a forced march in a circle. In spite of years of cost-cutting and restructuring, demand for heavy equipment continues to decline faster than companies can cut back. The result is that some of the major players in this industry in 1986 operated at an alarmingly low 60% of capacity, with consequences that can be seen by simply checking the Yardsticks on the page opposite. Seventeen of the 48 companies were in the red for the past 12 months—an even worse showing than the year before.

Why? In a broad range of key markets—farming, mining, oil field machinery—reality proved to be worse than even the gloomiest fantasy. The continuing farm depression, for example, along with a strike by the United Auto Workers, savaged Deere & Co., the world's leading maker of farm machinery. Deere lost $229 million in 1986, its first full-year loss since 1933.

Meanwhile, troubled Clark Equipment, a leading construction machinery outfit, moved more production abroad in 1986, trying to cut costs. But Clark remains short of cash and is selling its credit subsidiary to Chase Manhattan for $191 million. Or take Varity Corp., the new name for good old Massey-Ferguson. By any name the company has had rough going: three major restructurings in four years. Varity now hopes it has found a way out by spinning off some of its farm equipment operations into a separate corporation, and it is diversifying into automotive parts, plumbing and window products.

For many of these companies, survival now boils down to finding ways to adapt to a permanent decline in old markets. Case in point, Combustion Engineering. For years this company built power plants for utilities. But big new plants are no longer in demand. So Combustion Engineering has moved into a new field: building waste-to-energy cogeneration plants that can produce steam by burning garbage.

Another company trying to diversify out of a shrinking market is Deere. It has contracted to make engine blocks and diesel engines for General Motors as well as vehicle chassis for Winnebago.

Any reason to hope for a rebound in 1987? Nope. The elimination of investment tax credits certainly won't encourage marginal buyers of heavy equipment to go shopping. In fact, industry analyst Frank Manfredi expects construction equipment sales to be down 7% this year. "The companies that have survived this long are close to the break-even point by now, or operating at low profit. But I don't see any one market that will suddenly be up 20%, with all of it dropping to the bottom line," he says. Expect the forced march to continue. ■

Most improved

Kevin Horan/Picture Group

Caterpillar Chairman George Schaefer

Most companies in this industry were happy simply to have survived 1986. But after losing nearly $1 billion between 1982 and 1984, Caterpillar Inc. has bounced back impressively. Income rose by better than $100 million and return on equity improved by nearly half in the latest 12 months. By almost any measure, Caterpillar's performance is certainly respectable. For a lot of heavy equipment companies, respectability is still a very distant dream.

Cat's chairman, George Schaefer, 58, deserves the credit. By cutting costs by 22% and employment by 35% in the past five years, he has not only freed up cash to trim long-term debt by more than half but also has shown his competitors how to turn a profit in the toughest market in more than half a century. Says Schaefer of his achievement, "We have some stability in the marketplace."

Schaefer is particularly proud of Cat's success against archrival Komatsu during the year. As the yen rose in value, Komatsu eventually was forced to raise prices an average of 18% on its construction equipment sold in the U.S. But instead of using Komatsu's double-digit increase as an excuse to fatten up his own margins, Schaefer took a longer-term view and increased Cat's prices by only 3% during the year. Result: Enough customers switched from Komatsu to Cat products so that the Peoria, Ill.-based firm's market share rose 2% while Komatsu's declined proportionately. That is the kind of gutsy decision making employees and investors alike have a right to expect from corporate managers, and Schaefer has not disappointed them.

Heavy equipment

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Agricultural													
Deere	76/71	1	4.0%	def	52.6%	def	1	–6.3%	–7.3%	1	–33.1%	P–D	average
Varity Corp	69/65	2	NE	34.1%	161.6	2.6%	2	–16.9	1.3		NM	D–P	NM
Medians			**4.0**	**15.1**	**107.1**	**0.2**		**–11.6**	**–3.0**		**–33.1**	**P–D**	–
Building and mining													
Joy Manufacturing	47/48	1	9.6%	def	20.9%	12.1%	3	–7.6%	–13.4%	1	–30.2%	P–D	average
Caterpillar	●/●	2	def	10.1%	31.7	4.2	2	–6.6	11.8		NM	D–P	NM
Becor Western	60/DP	3	def	1.5	24.0	0.7	1	–6.3	–1.9		NM	20.0%	NM
Clark Equipment	73/34	4	def	def	55.3	def	4	–8.4	–6.0		NM	D–D	NM
Harnischfeger Inds	65/77	5	def	def	57.6	def	5	–8.8	42.5		NM	P–D	NM
American Hoist	59/NA	6	def	def	79.4	def	6	–10.7	–2.3		NM	D–D	NM
Medians			**def**	**def**	**43.5**	**def**		**–8.0**	**–2.1**		**NM**	**P–D**	
Industrial													
Ametek	72/72	1	20.3%	15.9%	67.3%	6.2%	10	4.5%	16.5%	5	11.7%	0.6%	high
Nacco Industries	29/23	2	18.1	22.8	378.3	6.2	14	3.4	19.8	1	65.7	46.7	high
Pentair	31/42	3	17.8	10.0	117.3	2.4	1	23.9	2.1	8	8.5	–37.6	average
Emhart	34/30	4	16.9	def	66.4	def	18	0.0	14.7	10	3.8	P–D	average
Colt Industries	31/24	5	16.8	26.0	76.2	6.9	33	–5.8	–13.4		NM	–20.4	NM
Stanadyne	44/26	6	16.5	13.1	10.6	5.5	12	3.9	5.4	4	16.7	–4.7	average
Kaman	NA/NA	7	16.0	16.4	13.8	3.5	5	8.0	4.0	3	19.0	7.0	very high
Tecumseh Products	●/●	8	15.5	10.9	4.1	6.5	16	2.8	–4.7	9	8.2	–12.9	average
Sundstrand	37/13	9	15.0	13.5	51.4	5.7	11	4.5	15.9	14	–6.0	9.2	low
Illinois Tool Works	●/●	10	14.6	10.1	116.5	5.8	4	8.6	20.7	12	–2.3	–29.3	very low
Stanley Works	43/39	11	14.4	16.1	50.5	5.6	8	5.0	20.6	7	8.6	6.6	average
Whittaker	62/60	12	14.0	def	21.2	def	27	–4.4	–50.8	21	–17.3	P–D	high
Foster Wheeler	59/55	13	13.8	5.9	35.9	1.9	32	–5.3	2.6	20	–16.2	–27.1	very high
Parker-Hannifin	55/54	14	13.8	13.9	36.7	5.0	7	6.4	21.8	11	0.6	1.5	very low
Zurn Industries	●/89	15	13.1	9.0	8.7	4.2	21	–0.7	–1.7	13	–5.9	–5.6	low
Cooper Industries	53/39	16	12.4	11.0	76.9	4.1	13	3.7	32.9	19	–15.7	21.2	average
General Signal	31/27	17	12.1	3.8	13.6	2.1	17	2.8	–7.1	17	–12.7	–67.0	average
Bearings	●/●	18	9.4	1.5	33.1	0.4	6	7.9	–1.4	15	–6.8	–80.5	low
Combustion Eng	●/●	19	8.6	7.7	14.0	2.0	34	–5.9	–4.5		NM	D–P	NM
Trinova	80/81	20	8.3	22.7	27.3	8.3	2	11.0	–13.6	2	43.6	81.4	high
McDermott Intl	52/PD	21	7.4	18.3	63.3	6.6	31	–5.3	1.0	22	–19.5	D–P	low
Day International	40/43	22	5.9	9.1	79.9	1.9	9	4.7	–0.9	6	11.3	16.0	very low
Rexnord	88/89	23	5.7	6.5	37.7	2.7	22	–1.9	3.5	16	–8.8	–17.5	very low
Stewart-Warner	43/51	24	5.6	3.9	0.0	2.4	26	–4.2	–1.5	18	–13.2	–27.9	average
Ingersoll-Rand	●/10	25	4.8	8.0	39.8	3.1	28	–4.8	6.9		NM	20.5	NM
Dresser Industries	45/PD	26	4.7	def	23.0	def	23	–2.0	–5.1		NM	P–D	NM
Foxboro	●/DD	27	3.9	def	2.6	def	19	–0.1	4.1		NM	P–D	NM
Norton	●/DD	28	3.6	def	28.6	def	24	–2.1	–4.2		NM	P–D	NM
Timken	71/PD	29	3.6	def	20.8	def	29	–4.9	–3.0		NM	P–D	NM
Ampco-Pittsburgh	34/47	30	2.4	def	45.7	def	20	–0.7	0.3		NM	P–D	NM
Cincinnati Milacron	●/DD	31	2.3	6.9	63.1	2.3	30	–5.3	18.0		NM	D–P	NM
Stewart & Stevenson	88/DD	32	def	def	48.7	def	39	–9.7	–5.4		NM	P–D	NM
Dravo	29/DP	33	def	3.2	31.3	0.7	36	–8.7	4.1		NM	D–P	NM
Chicago Pneumatic	62/NM	34	def	def	48.6	def	25	–3.6	–28.6		NM	P–D	NM
Eagle-Picher Inds	62/60	35	def	def	32.5	def	15	2.9	0.9		NM	P–D	NM
General Refractories	70/61	36	def	31.3	210.5	2.3	35	–8.0	20.4		NM	321.7	NM
Chromalloy American	38/●	37	def	11.1	47.0	3.5	38	–9.6	–5.2		NM	D–P	NM
Harnischfeger Inds	34/22	38	def	def	57.6	def	37	–8.8	42.5		NM	P–D	NM
Allis-Chalmers	●/DD	39	def	def	NE	def	40	–15.1	–15.9		NM	D–D	NM
Masco Industries	21/27		NA	13.5	417.1	1.9	3	9.9	9.9		NA	–42.7	NA
Medians			**8.3**	**7.9**	**38.8**	**2.3**		**–0.7**	**1.6**		**–16.2**	**–27.9**	
Industry medians			**5.7**	**6.7**	**42.8**	**2.2**		**–2.9**	**1.0**		**–33.1**	**–37.6**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. For further explanation, see page 61.

INDUSTRIAL AND OFFICE SERVICES

Profits drooped in 1986. But though the service sector may be down, it is by no means out.

By Adam Snitzer

THESE COMPANIES DO EVERYTHING from hauling garbage to programming supercomputers, and customers turn to them for one main reason: to cut costs. Yet a weak economy proved more than a match for the industry in 1986. Most companies failed to equal last year's performance. The industry's return on equity over the past 12 months fell 18%.

Despite the downturn, ServiceMaster Industries, which cleans hospitals, led for the third year in a row with a 44.6% return on equity over the past 12 months, largely from steady repeat sales to health care, industrial and educational customers. Other highfliers: Browning-Ferris (22.2% five-year average return on equity) and Waste Management (20.7% return).

During 1986 big advantages accrued to waste disposal companies—Browning-Ferris and Waste Management are two such—with plenty of landfill space for solid and toxic waste disposal. "These days we have what's known as the not-in-my-backyard syndrome," says E.F. Hutton analyst Douglas Augenthaler. "People don't want more landfills, so they fight to keep you out." That blocks new companies from getting into the business even as it allows for 20% annual increases in landfill prices. Established firms got a further boost in October when Congress passed the new Superfund bill appropriating $8.5 billion to clean up existing toxic sites.

In office services, Comdisco, a huge dealer in new and used IBM computers, topped its sector for the second year in a row. A 55.1% sales increase—due mainly to the new IBM 3090

Industrial and office services

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Industrial services													
ServiceMaster Inds	●/●	1	44.9%	44.6%	14.5%	3.1%	2	19.2%	15.3%	2	19.0%	6.1%	very high
Browning-Ferris Inds	●/●	2	22.2	22.8	13.6	10.0	3	15.5	15.1	1	19.3	18.4	very high
Waste Management	●/●	3	20.7	18.0	37.0	11.0	1	22.1	19.9	3	17.4	20.5	very high
National Service	25/NA	4	18.9	17.1	4.9	5.6	5	8.2	7.7	6	9.0	5.3	very high
Rollins	●/●	5	18.5	56.9	0.0	6.1	6	2.3	8.8	5	9.3	15.5	low
Johnson Controls	52/44	6	15.1	12.4	17.5	3.6	4	11.6	47.7	4	13.7	–1.9	very high
Ogden	74/54	7	8.2	def	51.0	def	8	–11.4	–30.6		NM	P–D	NM
Research-Cottrell	76/77	8	2.8	11.5	7.2	3.6	7	–1.2	–3.5		NM	D–P	NM
Medians			**18.7**	**17.6**	**14.1**	**4.6**		**9.9**	**12.0**		**11.5**	**6.1**	

● 90% or more. **DD:** Segment deficit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. For further explanation, see page 61.

Most improved

David Strick/Onyx

Hoover of Computer Sciences

While most of the industry slumped last year, Computer Sciences, that once-sleepy California computer services firm, was enjoying a spectacular turnaround. Chief Executive W.R. Hoover installed six new managers in key positions, zeroed in on megadollar deals, nearly doubled sales growth, doubled stock price and won FORBES' "most-improved" award for his company.

"We focused the entire company on bidding and winning," says Hoover, whose retooled firm won more than half the huge government contracts it went after. The company bagged such deals as the $186 million Air Force office automation project, which includes making more than 13,000 computers and telephones work together. Contracts this big take five to eight years to complete, but the $648 million already booked as revenue helped give the company 19.5% sales growth for the year. Earnings adjusted for a nonrecurring gain in 1985 are up 26%. Return on equity dipped, however, because of a 22% increase in book value per share.

Now, with strong sales growth locked in from government contracts already won, Hoover is concentrating on commercial jobs. The goal is to raise profit margins by 55%, to around 7.4% pretax, and boost return on equity to 15%. After doubling earlier in the year, the stock recently started climbing again and now hovers at about $41 per share. Clearly investors think Hoover has more bacon yet to bring home.

line—boosted earnings per share by only 35.5% partly because the company invested to build up its sales force.

Another bright spot involved temporary office personnel agencies, which performed well as more employers cut labor costs by staffing up with temps on an as-needed basis. In Manpower's case, in fact, the numbers hide a real gem. The company posted a return on equity deficit after taking a ghastly $3-per-share loss on the sale of its floundering Parker Pen division in January. But earnings from continuing operations were $1.25 a share in fiscal 1986 (ended Feb. 28). Results in 1987 are expected to come in at $2 a share, with revenues of over $1 billion and a return on equity of 25%. ■

Industrial and office services

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Office products, services													
Comdisco	●/●	1	34.0%	28.3%	132.6%	8.7%	2	17.8%	55.1%	1	37.2%	35.5%	high
Kelly Services	●/●	2	24.7	28.0	0.0	3.6	5	16.8	18.2	5	17.1	16.1	high
United Stationers	●/●	3	24.6	16.8	43.1	2.3	1	27.2	15.7	3	23.1	–5.9	very high
H&R Block	42/18	4	23.7	21.8	2.0	9.7	6	16.3	24.6	8	8.8	4.8	very high
Herman Miller	●/●	5	22.4	19.7	19.5	6.7	7	16.0	5.7	4	21.7	–12.1	high
PHH Group	●/●	6	21.7	14.5	293.6	4.2	3	17.7	14.2	7	12.8	–13.0	very high
Automatic Data	●/●	7	18.8	17.8	46.9	8.8	4	17.4	17.9	6	13.9	17.2	very high
Moore Corp	●/●	8	15.3	14.7	5.2	6.0	15	2.6	8.4	11	2.5	–5.7	very low
Alco Standard	46/42	9	15.3	12.5	73.4	1.3	8	10.7	13.1	12	–2.1	15.1	low
Computer Sciences	●/●	10	14.9	12.3	24.5	3.0	12	6.2	19.5	10	2.7	–13.0	very low
Borg-Warner	30/18	11	13.0	12.9	23.5	6.1	10	6.7	–8.9	9	6.0	26.9	average
Dennison Mfg	45/51	12	12.5	5.7	53.5	1.8	11	6.2	4.1	14	–15.5	–54.6	very low
Bell & Howell	70/67	13	11.7	13.6	77.7	4.0	14	2.9	10.0		NM	5.0	NM
Esselte Business Sys	●/●	14	10.8	13.5	38.0	4.4	9	7.6	38.0	2	24.1	25.2	high
Xerox	72/NA	15	10.8	10.1	32.6	5.4	16	1.0	5.1	13	–15.1	69.9	high
Nashua	76/76	16	3.6	14.8	16.5	3.2	18	–2.1	14.7		NM	46.8	NM
Manpower	●/DD	17	def	def	56.5	def	13	5.4	17.5		NM	P–D	NM
Savin	●/DD	18	def	def	NE	def	17	–1.8	–12.0		NM	D–D	NM
AM International	●/●	19	NE	def	107.0	0.4	19	–6.5	12.6		NM	P–D	NM
Medians			**14.9**	**13.8**	**38.0**	**4.0**		**6.7**	**14.2**		**2.7**	**4.8**	
Industry medians			**15.3**	**14.5**	**24.5**	**4.0**		**7.6**	**14.2**		**8.8**	**5.2**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. **DD:** Segment deficit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. For further explanation, see page 61.

INSURANCE

After storm and stress, clear sailing lies ahead—for most.

By James Ring Adams

IF NEITHER CONGRESS nor state regulators intrude, insurance firms could have two solid years ahead. Income statements are beginning to show profits, the all-important "combined ratio" (loss and expense compared with premium dollars) is improving and new capital is coming in.

The badly depleted industry responded to the horrendous underwriting losses earlier in the decade by rejecting risks and boosting prices, leading to much agonizing over such matters as the liability crisis and tort reform. Yet, underneath the fuss, earnings revived dramatically, especially for property and casualty insurers, which took the brunt of the bad risks.

As conditions have improved, investors have started pumping fresh funds into insurance companies—perhaps as much as $9.2 billion during the first three quarters of 1986 alone. Much of this infusion will bolster the industry's anemic loss reserves, which by one estimate are at least 10% short. With supply and demand returning to balance, pressure for premium increases is dropping rapidly, but not to the point that threatens the return of destructive price-cutting.

But a few companies, such as Beneficial and Mission Insurance Group, may have taken on too much water to be saved. "The rising tide won't lift all the boats," says Maurice R. (Hank) Greenberg, chief executive of American International Group, "especially those that are already sunk." ■

Insurance

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Brokers													
Marsh & McLennan	73/81	1	25.4%	44.6%	1.6%	13.4%	1	13.3%	33.7%	1	–0.8%	49.1%	very low
Alexander & Alexander	88/●	2	def††	1.0	42.7	0.6	2	8.2‡	16.8		NM	D–P	NM
Medians			**9.9**	**22.8**	**22.2**	**7.0**		**10.8**	**25.3**		**–0.8**	**49.1**	
Diversified													
Teledyne	30/NA	1	26.5%	18.4%	35.9%	9.0%	20	2.3%	–2.3%	2	23.3%	–41.1%	average
Loews	75/26	2	22.9	22.9	44.4	7.2	17	7.6	30.4	1	23.3	1.8	high
Cincinnati Financial	●/●	3	18.1	18.3	1.5	12.1	8	12.6	28.7	8	8.7	64.9	very high
Combined Intl	●/●	4	17.9	24.5	17.9	14.7	9	12.0	24.3	10	7.6	41.6	average
American Bankers	●/●	5	17.9	18.6	69.3	4.2	5	13.3	29.4	5	13.8	136.9	average
Farmers Group	●/●	6	17.7	16.7	14.9	18.9	3	16.3	13.6	7	11.1	15.3	very high
Old Republic Intl	●/●	7	17.4	14.4	22.4	6.8	2	16.3	28.6	9	7.8	5.0	high
American Intl Group	●/●	8	16.9	16.9	5.1	7.7	4	14.8	58.1	13	1.9	76.6	very low
General Re	●/●	9	14.7	13.9	5.0	9.0	7	12.6	40.1	17	–10.6	394.2	low
American General	88/85	10	14.6	13.5	21.1	10.0	1	23.1	3.7	12	3.4	45.4	very low
Safeco	88/86	11	13.0	20.3	40.8	9.0	14	9.9	16.7	6	11.8	93.6	average
Sears, Roebuck	25/41	12	12.0	11.6	82.2	3.1	11	11.0	8.4	4	16.5	7.9	high
Kemper	79/35	13	12.0	17.2	9.4	5.8	10	11.5	13.5	15	–8.9	135.7	low
CNA Financial	●/DD	14	11.9	19.1	1.6	7.0	16	8.2	35.6	3	21.1	34.5	average
Transamerica	81/DP	15	11.1	12.0	105.7	4.4	19	6.1	–8.2	16	–9.6	50.0	very high
Travelers	●/●	16	10.9	11.5	1.3	3.0	12	10.7	6.6	14	–2.3	48.2	low
Lincoln National	●/●	17	10.8	12.2	9.6	4.1	6	13.0	19.8	11	4.6	13.3	low
ITT	34/DP	18	9.0	5.7	42.2	2.8	22	–9.2	8.4	19	–19.2	–20.1	very high
Continental Corp	●/●	19	8.4	12.6	14.4	4.9	15	8.9	17.9	18	–18.8	292.2	low
Aetna Life & Cas	●/●	20	7.4	16.6	7.9	3.9	18	6.1	14.5	20	–28.0	153.0	average
Beneficial Corp	44/ 4	21	5.2	def	404.1	def	21	–5.9	0.0		NM	P–D	NM
Cigna	57/DD	22	1.9†	def	9.4	def	13	10.2	4.4		NM	P–D	NM
Medians			**12.5**	**15.5**	**16.4**	**6.3**		**10.9**	**15.6**		**4.0**	**43.5**	
Life and health													
First Executive	●/●	1	45.4%	15.4%	0.0%	4.5%	5	29.5%	15.8%	3	24.0%	7.4%	low
ICH	●/●	2	36.8	45.7	88.9	11.3	1	68.8	9.3	1	45.5	63.5	average
EF Hutton Group	25/●	3	17.3	2.9	36.7	0.8	7	23.5	9.2	17	–17.4	–75.3	average
Integrated Resources	38/39	4	15.7	1.1	118.2	4.1	3	47.9	26.2	12	7.5	–76.1	low
American Family	●/●	5	15.4	23.7	14.3	6.4	11	17.3	40.2	2	25.1	59.5	very high

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth.
For further explanation, see page 61.

Most improved

Fireman's Fund may be plodding along the bottom of the Yardsticks table below, but it's an impressive turnaround in dozens of ways computers can't measure. Inadequate reserves have been redressed with $1 billion of new funds, part contributed by former owner American Express, part generated when the unit was spun off in 1985. More important, says insurance company Chairman William McCormick, a onetime nuclear engineer who orchestrated the firm's turnaround under the guidance of his boss, holding company head John Byrne, "everything" about its operations has changed. Underwriting is sounder, policy and claims processing is much more accurate and employee morale is up. The measures put in place by McCormick and Byrne now promise healthy rewards for shareholders not just in 1987 but perhaps on out into the 1990s. Says Byrne, "You ain't seen nothing yet."

William McCormick of Fireman's Fund

Bob Holmgren

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Torchmark	89/●	6	14.8%	22.8%	15.2%	14.1%	8	23.3%	17.2%	6	16.9%	73.9%	average
Ethyl	28/22	7	14.3	20.6	44.4	10.3	19	–1.8	0.9	9	11.1	54.2	very high
Provident Life & Acc	●/●	8	14.0	14.6	0.0	6.9	13	11.3	17.4	7	14.6	19.8	very high
Capital Holding	●/●	9	13.6	20.8	19.4	10.0	6	28.4	12.9	11	9.5	67.6	high
American Natl Ins	87/NM	10	13.5	11.9	0.8	19.2	17	4.1	5.3	5	17.5	–7.9	high
Jefferson-Pilot	88/84	11	12.7	9.9	0.0	11.1	16	4.2	2.6	8	12.6	–30.2	average
Business Men's Assur	69/64	12	12.6	def	9.3	def	14	9.5	1.7	13	6.2	P–D	average
Monarch Capital	●/●	13	11.8	19.5	0.0	5.8	4	38.7	27.5	10	10.7	68.4	average
Life Investors	●/●	14	10.3	10.8	30.6	4.0	9	21.9	19.6	4	22.0	6.7	high
USLife	●/●	15	9.3	10.4	39.7	7.8	15	4.4	14.2		NM	D–P	NM
Equitable of Iowa	58/●	16	7.7	15.6	8.6	8.5	18	1.7	–3.5	15	–2.4	79.8	very low
Washington National	●/●	17	7.6	9.3	4.2	5.8	20	–2.4	–19.0	16	–12.9	148.5	average
Northwestern Natl Life	●/●	18	7.2	13.3	18.0	3.7	2	62.6	–9.6	14	0.2	170.5	very low
American Can	46/NA	19	4.7	15.6	39.0	4.9	21	–3.3	9.6		NM	63.6	NM
Kaufman & Broad	54/49	20	4.4	13.9	124.6	3.7	12	11.4	33.6		NM	10.7	NM
UNUM Corp	●/●		NA	NA	0.0	5.8	10	17.9‡	13.5		NA	NA	NA
Medians			**13.1**	**14.3**	**15.2**	**5.8**		**17.3**	**12.9**		**10.1**	**54.2**	
Property and casualty													
Geico	●/●	1	34.4%	41.4%	30.7%	15.4%	6	10.8%	19.9%	3	26.0%	59.1%	high
Reliance Group	82/79	2	19.4††	3.1	127.6	1.3	2	14.4‡‡	20.4	2	39.4‡‡	–80.7	very low
Universal Leaf	27/29	3	19.1	16.6	30.5	3.5	12	0.5	13.3	4	9.9	1.9	very high
Berkshire Hathaway	45/41	4	17.4	27.3	6.9	26.8	1	15.2	138.9	1	46.3	140.5	very high
Hanover Insurance	●/●	5	11.4	16.5	0.0	5.5	5	11.2	27.3	8	–15.3	170.9	average
Ohio Casualty	●/88	6	11.1	16.3	0.0	6.5	9	6.0	22.8	6	–13.3	96.2	high
Xerox	22/NA	7	10.8	10.1	32.6	5.4	11	1.0	5.1	7	–15.1	69.9	high
Chubb	71/DD	8	10.5	14.1	24.2	6.1	4	13.2	20.4	5	–10.2	27.4	average
St Paul Cos	●/DP	9	7.3	15.0	12.5	5.4	8	7.1	21.1		NM	D–P	NM
USF&G	●/DD	10	6.1	16.0	0.0	4.8	7	8.7	26.5		NM	D–P	NM
Orion Capital	●/DD	11	5.2	def	20.6	def	3	13.4	17.5		NM	D–D	NM
Fireman's Fund	●/DD		NA	12.8	16.4	4.9	10	4.9	7.0		NM	D–P	NM
Home Group	●/DD		NA	3.3	25.6	1.3	13	–0.9	7.1		NM	D–P	NM
Medians			**11.1**	**15.0**	**20.6**	**5.4**		**8.7**	**20.4**		**–15.1**	**59.1**	
Industry medians			**12.6**	**14.6**	**17.2**	**5.8**		**11.1**	**16.3**		**3.4**	**48.2**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

●90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. †Four-year average. ‡Four-year growth. ††Three-year average. ‡‡Three-year growth. For, further explanation, see page 61.

LEISURE AND RECREATION

In the once-troubled leisure and recreation industry, stock prices outperformed most companies' earnings for a change. On Wall Street they call that discounting the future.

By Allan Dodds Frank

Fears of foreign travel hurt tourism abroad, but cheaper gasoline prices and a string of movie hits wound up pulling people out of their homes and into theaters, hotels and gambling casinos anyway, giving the leisure and recreation industry some of the best overall profits it had seen in years. During the last 12 months, earnings per share for the group were up 7.7%, compared with only 2.8% for all of U.S. industry. Revenues climbed 10.4%, more than double the all-industry median. Those trends are likely to continue into 1987 as well, though with S&P's leisure and entertainment indexes up 30% and 20%, respectively, in 1986, the big gains for investors probably have been made by now.

Much of the action focused on acquisitions and merger rumors that swept the motion picture industry. MCA paid $387 million to acquire a New Jersey broadcast property, WOR-TV, and $159 million more for 50% of the Cineplex Odeon theater chain. Cineplex and MCA's Universal Studios' subsidiary thereupon announced plans to put up $130 million to build a combination studio and theme park in Florida.

At Gulf & Western's Paramount Pictures subsidiary, the

Most improved

Max Aguilera-Hellweg

Disney's Eisner (left) *strolling with President Frank Wells*

"The most important thing we've done with this company is to stay away from emotional investments in overpriced media assets." So says Michael Eisner, chairman of The Walt Disney Co., and during the year that strategy paid off handsomely enough to make his company the most improved of any in the industry for 1986. Instead of chasing after high-priced TV stations or movie theaters, Eisner raised $500 million in two limited partnerships for films and invested in areas of proven Disney expertise, such as feature films, TV syndication, pay cable, videocassettes and toy licensing—all areas in which success brings healthy cash flow rewards. During 1986 that approach helped Disney's revenues rise about 50% over 1984's, to $18 per share, while its stock price all but quadrupled (adjusted for a 4-to-1 stock split), from 15 to a high of 55 a share. Earnings rose most of all, going from 68 cents a share in 1984 to $1.82 in 1986. Now analysts expect to see another 20% gain, to about $2.20 a share, during the year ahead. Given its planning gifts, and its disdain for emotion, Disney looks like a strong performer for years to come, so much so that even at its current lofty price, the stock may well still be undervalued.

story instead was the studio's recovery following setbacks that attended the 1984 departure of Paramount's chief, Barry Diller, who left for Twentieth Century-Fox. During 1986 Paramount's new head, Frank Mancuso, produced one hit after another, including *Top Gun* and *Crocodile Dundee*, thus regaining the top spot for Paramount as Hollywood's biggest box office success and doubling its market share, to 20%. Disney, too, hit big, tripling its box office share to 10%.

The gambling industry proved similarly buoyant. The so-called win rate—the industry's measure of gross revenues—rose 6.6% over 1985 levels in Atlantic City, to about $2.25 billion, and 3% in Nevada, to $3.5 billion.

A question for 1987—where is the saturation point in Atlantic City? Two new pleasure domes will open for players this year, Showboat, Inc.'s Ocean Showboat by spring and Resorts International's Taj Mahal later on. Since the state of New Jersey legalized casino gambling in 1976, the effect of new casinos as they opened has been to increase the number of players. It's only prudent to wonder whether the Boardwalk is now getting crowded. ■

Leisure and recreation

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Entertainment													
General Cinema	35/24	1	35.3%	22.7%	68.4%	8.9%	6	4.6%	4.8%	1	33.8%	–25.9%	high
United Artists	●/●	2	17.1	8.4	551.2	1.7	3	16.5	11.4	2	28.1	–43.6	high
Lorimar-Telepictures	80/NM	3	13.7	def	39.5	def	1	32.9	35.9		NM	P–D	NM
MCA	71/78	4	12.7	13.0	8.1	7.7	5	9.1	22.7	3	1.7	52.8	very low
CBS	25/17	5	10.4	30.7	85.0	4.5	7	4.3	2.1	5	–24.7	500.0+	average
Walt Disney	78/71	6	8.7	19.9	29.8	10.0	2	17.7	22.6	4	–12.1	41.1	very low
Gulf & Western	32/18	7	7.9	11.7	74.6	6.4	9	–13.8	11.7		NM	2.7	NM
Bally Manufacturing	68/50	8	6.5	6.7	256.1	2.0	4	13.3	14.0		NM	D–P	NM
Warner Comm	●/●	9	2.6	47.8	119.0	8.8	8	–3.3	25.6		NM	D–P	NM
Medians			**10.4**	**13.0**	**74.6**	**6.4**		**9.1**	**14.0**		**–24.7**	**2.7**	
Hotels and gaming													
Marriott	44/48	1	22.9%	21.1%	200.0%	3.9%	1	20.0%	21.3%	3	18.7%	17.1%	very high
Transworld	32/39	2	20.7†	23.6	26.0	7.2	5	5.4	29.0	2	33.4	74.1	average
Hilton Hotels	●/●	3	18.9	15.3	40.9	14.4	7	4.2	3.9	5	1.2	–13.2	very low
Holiday	●/77	4	13.7	18.2	196.1	7.0	8	2.6	–7.8	4	9.6	0.4	average
Caesars World	●/●	5	9.8	17.8	123.1	5.9	6	4.2	5.1		NM	27.1	NM
Del E Webb	34/11	6	7.5	13.7	79.4	6.7	9	–6.5	–9.0	1	43.3	19.1	high
Bally Manufacturing	31/49	7	6.5	6.7	256.1	2.0	2	13.3	14.0		NM	D–P	NM
Resorts Intl	●/●	8	5.2	def	424.7	def	4	5.5	–3.6		NM	D–D	NM
Ramada Inns	●/●	9	def	3.9	118.2	1.7	3	10.8	8.6		NM	7.7	NM
Medians			**9.8**	**15.3**	**123.1**	**5.9**		**5.4**	**5.1**		**1.2**	**12.4**	
Recreation													
Brunswick	70/71	1	28.0%	20.6%	19.7%	6.6%	2	6.7%	9.3%	3	47.4%	14.2%	low
Minstar	52/80	2	27.7	16.5	175.9	3.7	1	139.1	28.0	1	159.9‡	127.6	very high
Outboard Marine	80/79	3	11.2	2.9	22.6	1.1	3	5.0	10.4	2	51.8	–62.1	average
Medians			**27.7**	**16.5**	**22.6**	**3.7**		**6.7**	**10.4**		**51.8**	**14.2**	
Photography													
Fuqua Industries	24/17	1	20.0%	22.4%	140.3%	6.0%	3	–6.4%	–8.8%	1	12.6‡‡%	41.9%	low
Eastman Kodak	78/65	2	12.5	1.7	15.6	0.9	1	1.3	7.3	3	–19.4	–85.0	high
Polaroid	●/●	3	3.6	9.8	0.0	5.8	2	–2.6	24.2	2	–9.6	327.9	low
Medians			**12.5**	**9.8**	**15.6**	**5.8**		**–2.6**	**7.3**		**–9.6**	**41.9**	
Toys and electronics													
Coleco Industries	●/●	1	122.3%	3.2%	304.1%	0.6%	2	42.5%	–33.1%		NM	D–P	NM
Hasbro	●/●	2	33.4	21.4	22.3	7.7	1	71.0	12.9	1	71.2%	1.7%	high
Mattel	●/●	3	def†	11.2	175.7	2.2	5	–2.3	–4.1		NM	–69.4	NM
Kenner Parker Toys	●/DD		NA	0.5	50.1	0.1	4	0.6	NA		NM	NA	NM
Medians			**33.4**	**7.2**	**112.9**	**1.4**		**21.6**	**–4.1**		**NM**	**–33.9**	
Industry medians			**12.5**	**13.4**	**82.2**	**5.2**		**5.2**	**10.4**		**–10.9**	**7.7**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. **DD:** Segment deficit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. †Four-year average. ‡Four-year growth. ‡‡Three-year growth. For further explanation, see page 61.

METALS

It takes more than mettle to stay alive in this business. Keep cutting costs . . . diversify . . . pray.

By John Merwin

WANT TO SEE A HORROR? Look at the next page. There are 36 metals companies listed. Fewer than half show any return on equity in the last 12 months.

The worst cases involve "integrated" steel producers that start from scratch with iron ore and coking coal. Despite two favorable conditions late in the year—falling steel imports, plus a strike at USX—steelmakers turned in sorry performances. Even with 19% of domestic steel production strikebound at USX, third-ranked Bethlehem's operating losses reached $48.7 million in the third quarter. Second-ranked LTV Steel reported an operating income of $26.6 million, but only because of the illusory accounting practices allowed under a Chapter 11 filing.

Don't look for anything better this year. Auto production is likely to turn down, and capital spending continues weak. Then there's the loss of investment tax credits, which hurts many end users of steel. How much worse can it get? Consider this: Japan is laying off steelworkers.

Specialty steelmakers are a different story. They start with purchased scrap or semifinished steel and go from there. Some profit in special high-tech, such as Cyclops' production of jet engine alloys. Others, like Nucor, produce a wide array of products, but they do it outside the steel belt, using modern equipment and nonunion labor.

While some copper producers have reduced their costs sharply in the last year or two, the business remains only marginally profitable. That's because copper is a commodity, its price tied to worldwide capital spending, which is still in the doldrums. Thus copper remains stuck at 60 to 65 cents a pound.

Even so, independent mining companies, such as Asarco and Phelps Dodge, are buying properties, in contrast to the oil companies, many of which have jettisoned the copper subsidiaries they bought a few years ago. Why are independents

Most improved

Naming the most improved company in metals is like picking the prettiest hog at the county fair. In a market overloaded with subsidized foreign competitors, U.S. metal producers can do little to control supply and prices. What they can do is slash costs, eke out a living and survive in hopes of better days.

No company is facing this reality better than Phelps Dodge, America's largest copper producer. In 1980, when copper sold as high as $1.44 a pound, Phelps Dodge made $91 million. Today, with 65-cent copper, Phelps Dodge is solidly in the black, with perhaps as much as $60 million in profits for the year. Since 1981 the firm has closed facilities, bought new technology and taken a prolonged, bitter strike that resulted in decertification of its union. The price: losses of more than $400 million.

World copper inventories are down compared with two years ago—a good sign. Chairman George Munroe says every 1-cent rise in copper prices could add $10 million to his 1987 bottom line. Admittedly, "could" isn't "will." But at least Phelps Dodge is surviving nicely, poised to cash in.

James Kilkelly/Dot

Phelps Dodge Chairman George Munroe

buying? "Commitment to the business," says Asarco Chairman Richard de J. Osborne. "Our planning is for today's prices," he says, "but any price increase would have a dramatic effect on our bottom line."

Conditions in aluminum, compared with the recent past, are better. After a tumultuous period of smelter writeoffs, strikes and labor cost reductions, aluminum producers are back to making money, though not nearly enough to justify their huge investments. Disregarding writeoffs, industry returns still remain pallid—3% to 8% on equity.

So aluminum producers are branching out. To complement its Reynolds Wrap line, Reynolds recently bought Cut-Rite, the biggest-selling wax paper. Alcoa has just paid $330 million for TRE Corp., an aerospace manufacturer, which will move Alcoa into new metals. Alcan, meanwhile, is committed to expanding its chemical operations. The sole exception is Kaiser, which will continue selling off its diversified operations despite the $140 million cash infusion and restructuring announced in December.

In summary, our 1987 early line: Integrated steel, ugh. Specialty steel, good in spots. Copper, strong potential, looking for a turn. Aluminum, best pick in a slow field. ■

Metals

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Nonferrous metals													
Engelhard	73/27	1	15.0%	9.7%	21.8%	2.2%	6	–3.5%	1.4%	1	–9.1%	1.1%	average
Handy & Harman	41/40	2	10.4	def	96.1	def	7	–3.9	–3.9	2	–22.1	P–D	high
Alcoa	84/DP	3	4.5	def	37.4	def	4	1.6	–11.5		NM	P–D	NM
Alcan Aluminium	80/70	4	3.3	def	51.9	def	3	2.5	7.2		NM	D–D	NM
Newmont Mining	66/DD	5	3.3	3.6	15.9	6.6	8	–4.8	11.6		NM	90.9	NM
Reynolds Metals	●/DD	6	def	5.1	100.8	1.8	5	0.0	3.9		NM	D–P	NM
Revere Copper	●/●	7	def	def	147.5	def	12	–9.4	–12.8		NM	P–D	NM
Kaiser Alum & Chem	87/DD	8	def	def	117.8	def	9	–6.5	–8.6		NM	D–D	NM
Phelps Dodge	71/81	9	def	3.2	44.6	4.4	13	–10.2	–2.8		NM	D–P	NM
Asarco	86/83	10	def	def	49.5	def	10	–6.9	–2.6		NM	D–D	NM
Inco	●/●	11	def	def	72.6	def	14	–11.8	–2.8		NM	P–D	NM
AMAX	60/DP	12	def	def	112.7	def	11	–8.3	–32.7		NM	D–D	NM
Inspiration Resources	54/PD	13	def	def	85.2	def	2	5.6	0.3		NM	D–D	NM
Cyprus Minerals	25/DP		NA	def	18.9	def	1	7.9	31.7		NM	D–D	NM
Medians			**def**	**def**	**62.3**	**def**		**–4.4**	**–2.7**		**NM**	**P–D**	
Steel													
Worthington Inds	66/76	1	21.2%	19.6%	23.9%	5.6%	1	16.7%	8.9%	2	9.4%	11.5%	average
Nucor	●/●	2	15.7	16.5	9.7	7.6	2	8.8	4.8	3	5.9	3.4	very low
Texas Industries	45/53	3	12.8	5.5	172.6	2.0	6	4.9	55.0	6	–17.6	–50.4	high
Carpenter Technology	●/●	4	11.0	4.2	41.8	2.5	11	–1.3	–2.9	5	–12.4	–29.9	average
Central Steel & Wire	●/●	5	10.7	7.5	0.0	2.2	9	1.4	–4.2	4	2.6	–27.2	very low
Earle M Jorgensen	●/●	6	9.1	2.9	16.5	1.6	17	–5.8	–3.3	7	–19.8	–39.7	average
Interlake	●/84	7	8.6	8.4	43.4	3.9	14	–4.4	–5.8	1	15.5	–1.3	very low
Cyclops	●/●	8	5.6	9.8	24.6	1.5	4	7.5	4.5		NM	–10.3	NM
Timken	28/DD	9	3.6	def	20.8	def	15	–4.9	–3.0		NM	P–D	NM
Ampco-Pittsburgh	37/56	10	2.4	def	45.7	def	10	–0.7	0.3		NM	P–D	NM
USX	32/ 2	11	0.6	def	84.7	def	3	7.9	–12.7		NM	P–D	NM
Lukens	69/NM	12	def	2.6	55.3	0.7	8	1.6	–6.8		NM	–36.2	NM
National-Standard	●/●	13	def	2.2	28.9	0.7	13	–4.3	–0.1		NM	84.6	NM
Copperweld	85/ 0	14	def	def	61.4	def	19	–6.9	–31.3		NM	D–D	NM
Athlone Industries	72/79	15	def	def	585.2	def	15	–4.9	–14.0		NM	D–D	NM
Inland Steel Inds	●/●	16	def	def	75.2	def	12	–2.0	0.4		NM	D–D	NM
Northwestern Steel	●/●	17	def	2.0	10.1	0.8	22	–14.8	36.5		NM	D–P	NM
Armco	85/●	18	def	def	166.6	def	21	–9.8	–28.9		NM	D–D	NM
LTV	65/DD		def	def	2702.2	def	7	4.5	–5.6		NM	D–D	NM
Bethlehem Steel	88/DP	20	def	def	200.5	def	18	–6.5	–8.5		NM	D–D	NM
Wheeling-Pittsburgh	●/DD	21	def	def	3903.0	def	20	–7.0	–5.5		NM	D–D	NM
NVF	37/DD	22	def†	def	NE	def	5	6.9	–10.9		NM	D–D	NM
Medians			**0.2**	**0.2**	**44.6**	**def**		**–1.7**	**–3.8**		**NM**	**P–D**	
Industry medians			**def**	**–2.5**	**50.7**	**def**		**–3.7**	**–3.0**		**NM**	**P–D**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average.
For further explanation, see page 61.

NATURAL GAS

**For years the natural gas industry has been ruled by Murphy's Law.
Finally, it seems to be writing its own proverb: What goes down must come up.**

By Lisa M. Keefe

FOR THE NATURAL GAS INDUSTRY 1986 was relentlessly bleak. Prices fell to unimaginable lows, legal headaches surfaced everywhere and Washington refused to make sense of an impossibly muddied regulatory environment. Ironically, for some of these same reasons, 1987 and beyond should look brighter.

Producers were especially hard hit as wellhead prices dropped by half, to $1.25 per thousand cubic feet, before recovering slightly toward year-end. Drilling slowed, with the result that producers wound up replacing less than 35% of what was consumed during the year. Yet the glut remained.

But the pendulum will swing back soon. Currently almost half of all natural gas sold in the U.S. changes hands on the spot market. Yet as utilities and other large consumers realize how quickly supplies are dwindling, long-term contracts of two years or more will almost inevitably regain popularity,

Natural gas

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Producers & pipeliners													
Mitchell Energy	59/47	1	18.6%	5.5%	159.9%	4.3%	11	1.4%	–14.2%	5	–18.8%	34.7%	high
Transco Energy	77/●	2	16.5	def	109.8	0.2	8	5.4	8.1	3	–1.5	P–D	very low
Sonat	81/DD	3	14.6	def	83.3	def	7	5.4	–16.0		NM	P–D	NM
Panhandle Eastern	86/74	4	14.1	def	117.3	def		2.1	–16.2	4	–12.4	P–D	average
Valero Energy	42/69	4	14.1	def	177.8	def	5	5.8	–22.0		NM	D–D	NM
Burlington Northern	45/25	6	12.7	def	81.2	def	1	18.2	–15.6	2	9.2	P–D	average
Coastal Corp	37/78	7	12.5	2.2	404.0	0.8	6	5.7	–0.4	1	30.1‡‡	–82.9	very high
Texas Eastern	76/●	8	12.1	def	94.1	def	4	6.2	–20.5	7	–22.8	P–D	average
Tenneco	23/27	9	11.2	def	115.8	0.3	10	1.7	0.0	8	–28.5	P–D	high
CSX	26/10	10	8.0	def	69.5	def	3	10.1	–11.5		NM	P–D	NM
Williams Cos	77/●	11	7.0	def	159.5	def	2	11.9	–20.2	6	–19.5	P–D	low
Medians			**12.7**	**def**	**115.8**	**def**		**5.7**	**–15.6**		**–19.5**	**P–D**	

● 90% or more. **DD:** Segment deficit, total deficit. **PD:** Segment profit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NM: Not meaningful. †Four-year average. ‡Four-year growth. ‡‡Three-year growth. For further explanation, see page 61.

Most improved

Most natural gas firms were happy simply to have muddled through the year now ended, but only one was able to fend off an unfriendly raid, end a three-year dispute with the Algerian government and still have time to boost overall shareholder value by 15% for its investors: Panhandle Eastern Corp., under the leadership of Chief Executive Officer Robert D. Hunsucker. And, says he, "We were able to achieve our objective without injuring the capitalization of our company."

Panhandle Chief Executive Robert D. Hunsucker

Charles Thatcher

A hostile takeover bid by Wagner & Brown in June roused Hunsucker to action. First step was to settle a long-festering dispute with the Algerians over a failed plan to import liquefied natural gas to the U.S. (FORBES, *Sept. 23, 1985*). Aftertax writeoffs in the settlement totaled $460.4 million, but with the company's existence no longer threatened by the disputed $14 billion contract, Hunsucker was able to look beyond immediate concerns to redeploying some of his assets. Thus, in September he spun off the company's successful Anadarko Petroleum exploration subsidiary to shareholders. Without Anadarko, Panhandle proved much less attractive to Wagner & Brown, which quietly dropped its bid. Meanwhile, the combined value of the two shares has climbed 15% from the prespinoff price of Panhandle alone.

Panhandle's financial results do not yet reflect the company's successes, but that will change. In 1987 Panhandle should be in a much better position to survive downturns and pick opportunities in a volatile market.

helping to boost prices and spur exploration. "This winter should be the turning point in the customers' perception," says Morgan Stanley analyst Thomas Hassen.

While declining prices hit hardest at producers, the law came down hardest on pipelines. Most pipeline companies entered 1986 burdened with so-called take-or-pay liabilities. These arose when the gas market softened in the early 1980s and the pipelines refused to accept delivery of gas they could no longer sell. The producers sued for breach of contract, and in case after case the producers have been winning.

With this gun to their heads, pipeline companies in 1986 proved increasingly amenable to settling out of court, asking in return that the Federal Energy Regulatory Commission allow them to pass on the settlement costs to their customers. So far Washington has failed to rule one way or the other, but if the requests are denied, earnings for some companies, notably Transco and Tenneco, could suffer badly.

Such regulatory dawdling, which has characterized the

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Distributors													
Equitable Resources	66/22	1	21.5%	15.2%	45.2%	13.3%	30	6.8%	–9.2%	7	12.8%	0.0%	average
Entex	64/PD	2	19.7	def	130.8	def	38	4.6	–19.1	29	3.5	P–D	very low
Iowa-Illinois G&E	51/13	3	16.4	13.6	76.7	10.2	13	9.1	–0.6	19	7.9	–8.6	high
Commonwealth Energy	36/29	4	16.4	15.7	49.1	6.8	31	6.4	–5.1	4	15.1	1.2	average
Wisconsin P&L	25/ 9	5	16.4	14.6	81.3	9.8	22	7.9	3.1	14	10.3	–5.4	very high
Kansas Power & Light	64/24	6	16.4	16.3	73.3	7.7	1	35.8	–9.7	13	10.6	12.5	very high
Peoples Energy	●/●	7	16.4	17.4	63.8	5.2	33	6.3	–8.8	9	11.1	–3.0	average
No States Power	22/ 7	8	16.3	16.0	83.3	11.5	11	9.7	3.4	6	13.3	13.3	very high
Diversified Energies	84/●	9	16.2†	def	85.9	def	6	11.4‡	–2.4	34	–4.7‡	P–D	very low
Brooklyn Union Gas	●/●	10	15.8	10.1	72.6	4.4	8	11.0	–2.1	25	6.0	–31.9	very high

● 90% or more. **DD:** Segment deficit, total deficit. **PD:** Segment profit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NM: Not meaningful. †Four-year average. ‡Four-year growth. ‡‡Three-year growth. For further explanation, see page 61.

agency for many years, should disappear in the year ahead as the Federal Energy Regulatory Commission's new chairman, Martha Hesse *(see p. 283)*, settles into her job. Chosen by Ronald Reagan as a dedicated free-market advocate, she is expected to act forcibly to lift regulatory and administrative restraints on the industry wherever possible.

One key development to watch for: where Hesse's commission will stand regarding companies' alleged anticompetitive behavior. The commission is addressing possible violations in the marketing of gas; other antitrust cases regarding transportation have been filed in various courts. Both pipelines and distributors are vulnerable since they are by necessity regulated monopolies. One case, *The State of Illinois* v. *Panhandle Eastern Pipe Line Corp.*, is likely to prove a bellwether: The issue being debated is whether federal regulations can be cited as a defense for monopolistic practices. ■

Natural gas

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Wisconsin Electric	23/ 9	11	15.8%	15.6%	66.6%	11.7%	25	7.5%	0.1%	5	14.7%	9.1%	very high
Illinois Power	34/11	12	15.5	16.0	91.2	24.2	29	7.1	–0.6	22	6.6	12.6	average
Wisconsin Public Svc	36/ 9	13	15.4	14.4	59.1	8.8	21	8.3	–5.0	12	10.6	0.0	very high
Laclede Gas	●/●	14	15.4	18.9	60.9	5.4	10	9.9	–11.1	3	16.4	14.0	high
Rochester G&E	36/15	15	15.2	13.6	92.6	13.4	20	8.3	–0.7	8	11.6	–15.0	very high
Niagara Mohawk Power	22/ 9	16	15.1	14.0	81.9	15.1	17	8.8	–0.9	18	8.3	3.4	high
Pacific G&E	40/22	17	14.5	14.7	84.2	13.6	14	9.1	–6.1	15	9.2	–2.2	high
Baltimore G&E	25/ 9	18	14.4	16.2	75.2	15.1	27	7.2	4.1	11	10.7	18.1	very high
Montana Power	23/20	18	14.4	18.2	74.7	19.7	37	4.7	15.3	30	1.2	111.0	very low
Public Service NM	44/11	20	14.3	12.8	74.9	21.9	2	17.7	3.0	33	–2.6	8.9	low
Scana	28/10	21	14.0	14.6	91.7	10.7	4	12.6	–2.4	21	6.9	3.9	high
Orange & Rockland	26/12	22	13.9	14.0	70.1	8.4	26	7.4	–5.3	27	5.0	8.5	very high
Cincinnati G&E	36/ 4	23	13.7	19.2	103.6	13.1	18	8.4	0.5	23	6.4	24.5	average
Southwest Gas	●/●	24	13.5	12.6	114.5	4.4	9	9.9	–19.4	2	17.4	–27.0	very high
CILCorp	40/19	25	13.5	15.1	100.7	8.9	34	5.6	3.0	23	6.4	30.4	high
Central Ill Pub Svc	24/ 4	26	13.4	13.1	78.5	12.4	19	8.4	–8.7	26	5.2	17.6	average
Washington Gas Light	●/●	27	13.1	12.3	61.7	5.1	7	11.3	–2.2	16	9.0	–6.4	high
Public Svc Enterprise	31/13	28	12.9	14.7	84.8	12.2	23	7.5	4.8	20	7.2	7.4	high
Louisville G&E	32/ 0	29	12.7	12.7	84.9	10.8	12	9.5	–1.6	28	4.9	–6.7	low
Public Service Colo	40/19	30	12.5	8.8	90.4	5.6	15	8.8	–3.0	31	0.9	–31.5	very low
DPL	29/21	31	12.1	9.0	133.4	6.8	16	8.8	–2.3	35	–9.4	–33.8	low
Wicor	76/72	32	11.7	11.9	75.4	3.0	3	14.0	–4.8	10	10.8	5.3	average
Atlanta Gas Light	●/●	33	10.5	10.5	97.5	2.9	5	11.6	–13.4	17	9.0	–8.5	low
Primark	●/●	34	9.7	12.2	68.9	3.1	32	6.4	–8.1	1	34.2	3.1	very high
No Indiana Pub Svc	49/14	35	8.5	def	112.9	def	24	7.5	–7.8	32	–0.8	P–D	very low
Eastern Gas & Fuel	44/77	36	6.4	11.3	76.2	4.2	36	4.9	–6.5		NM	D–P	NM
Southern Union	80/69	37	5.7	def	59.7	def	40	–17.3	–45.2		NM	D–D	NM
Consumers Power	46/27	38	4.3	def	112.9	def	28	7.1	–2.9		NM	D–D	NM
UGI	51/PD	39	3.8	def	52.7	def	35	5.4	–14.6		NM	P–D	NM
Nicor	●/NM	40	def	def	80.3	def	39	4.2	–17.9		NM	D–D	NM
Medians			14.2	13.6	79.4	8.1		8.3	–3.0		7.1	1.2	
Integrated													
Arkla	●/●	1	16.6%	10.4%	130.0%	5.7%	10	0.3%	–8.0%	6	–6.9%	22.2%	average
Consol Natural Gas	●/●	2	15.4	12.3	36.6	6.7	4	6.4	–16.5	3	12.4	–5.4	very high
Questar	●/●	3	15.2	10.7	48.3	8.0	2	11.0	–14.7	2	13.2	–10.4	high
Enron	●/●	4	14.7	2.6	156.5	0.9	1	27.3	–16.3	4	–2.5	–82.2	very low
National Fuel Gas	●/●	5	14.4	13.0	58.9	4.8	5	6.3	–6.7	1	13.4	–7.9	high
Oneok	●/●	6	14.0	8.4	92.0	4.7	7	3.4	–29.8	7	–8.1	–11.4	average
Pacific Lighting	59/71	7	13.2	6.0	72.2	1.9	3	9.6	7.3	5	–2.6	–39.6	very low
KN Energy	●/●	8	12.7	1.5	64.3	1.2	8	3.2	–21.4	8	–12.6	–86.8	average
Enserch	45/38	9	10.1	def	81.0	def	6	3.6	–13.4		NM	P–D	NM
Columbia Gas System	●/DD	10	8.5	4.8	113.8	2.3		1.9	–10.9		NM	D–P	NM
Medians			14.2	7.2	76.6	3.5		5.0	–14.1		–4.8	–11.4	
Industry medians			14.0	11.3	81.9	4.8		7.5	–6.5		5.2	–8.5	
All-industry medians			12.6	13.0	46.0	3.9		7.1	3.9		–0.9	2.8	

●90% or more. **DD:** Segment deficit, total deficit. **PD:** Segment profit, total deficit. D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NM: Not meaningful. †Four-year average. ‡Four-year growth. ‡‡Three-year growth. For further explanation, see page 61.

OIL

As it has so often in the past, the fate of the U.S. oil industry once again hangs on the ministers of 13 bickering petroleum exporting countries. Last year, disputes within the Organization of Petroleum Exporting Countries helped make the oil business a disaster for many of the companies on this list. Will this year be any better? Don't count on it.

By Toni Mack

IN A HARROWING YEAR for the oil industry, the only good news was that Saudi Arabia's King Fahd fired his oil minister—the one who flooded the world with Saudi oil and drove down prices to $8 per barrel last July—and called for an $18 oil price. Then the king said he wouldn't cut oil production to achieve that goal. Now he says he will. Is it any wonder OPEC is in disarray?

Since most oil companies can't find and produce new oil profitably at current levels, which hover around $16 per barrel, firms have almost stopped exploratory drilling in the U.S. The number of working U.S. rigs fell from 1,915 a year ago to 663 last July, the fewest since 1940, when such records began to be kept.

The rig count has recovered somewhat in the last few months, but Hughes Tool Co. Vice President Isaac Kerridge sees the number rising to an average of no more than about 850 in the year ahead. That almost guarantees an eventual supply squeeze, and consequent domestic shortages, when the world oil market tightens. "It's going to come as a shock when the oil crisis replays itself," says Thomas Cruikshank, chief executive of Halliburton Co., an oil services company. "But it's going to happen."

Refining and marketing profits are dropping, too. Last year refined product prices fell more slowly than did crude oil prices, yielding operating profit margins as high as $3.87 a barrel, vs. an average $1.08 during 1985. Yet for all that, there's still too much refining capacity to keep margins high. That in turn means one thing: In 1987 refining and marketing profits have nowhere to go but down.

Though producing companies can live off their reserves at least for a time, oil service companies have no such luxury. Result? In the first nine months of 1985, the top 13 service

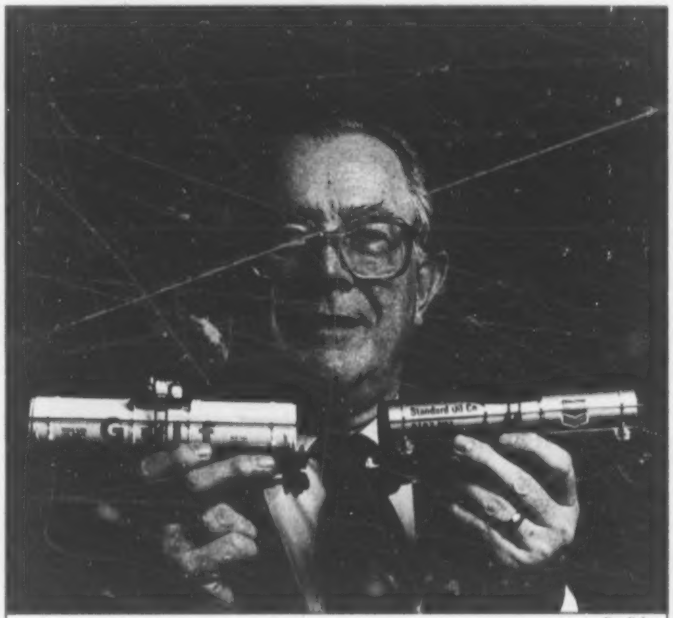
Oil

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
International oils													
Exxon	88/●	1	18.2%	19.6%	14.1%	7.5%	8	–4.1%	–12.8%	2	0.9%	33.6%	very low
Amoco	89/●	2	17.7	8.4	30.0	4.7	5	–0.5	–21.8	1	3.3	–50.6	average
Chevron	●/●	3	13.1	9.0	47.9	4.9	4	–0.2	–28.3	5	–9.2	1.5	average
Phillips Petroleum	84/●	4	13.1	14.6	327.2	2.8	3	1.8	–28.1	4	–7.2	6.0	average
Occidental Petroleum	43/84	5	11.9	2.6	153.3	1.2	2	2.8	1.3	8	–23.3	–79.0	average
EI du Pont	45/63	6	11.3	12.7	24.9	5.7	1	14.7	–18.1	3	0.2	72.3	very low
Mobil	82/●	7	11.0	11.6	63.1	3.3	6	–2.3	–11.1	6	–16.9	81.4	high
Texaco	●/●	8	9.6	7.2	51.6	2.7	7	–3.5	–30.8	7	–22.4	178.2	average
Medians			**12.5**	**10.3**	**49.8**	**4.0**		**–0.4**	**–20.0**		**–8.2**	**19.8**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 61.

Most improved


George Keller of Chevron Corp.

Ken Kobre

An improving company in an industry that's falling apart? Try Chevron Corp. While firms like Exxon helped lift their share prices by buying back stock, Chevron saw its share value rise by 28% during 1986, to $48 recently, as a result of plain old hard-nosed business management. The challenge: how to get out from under the crushing burden of Chevron's $13.3 billion acquisition of Gulf Oil in 1984, a deal that looked good at the time but threatened to become a nightmare as the bottom dropped out of the oil market. The fact that Chevron, under Chairman and Chief Executive Officer George Keller, was nonetheless able to give shareholders a modest but still respectable 9% return on equity easily merits the firm's designation as the most improved in its industry in 1986.

Like just about every oil company, Chevron has, of course, suffered from collapsing petroleum prices. During 1986 the company cut its work force by 15%, to 52,000 employees, closed two refineries, wrote down $363 million in marginal assets, chopped capital spending by 30% and scaled back sharply its exploratory drilling.

But Keller's real achievement began a year earlier when he began rapidly disposing of assets acquired in the Gulf takeover. Out the door went Chevron's 60% interest in Gulf-Canada to Montreal's Bronfman family for $2.1 billion pretax. Other smaller sales followed in close order until Keller had raised enough cash to reduce debt from a bloated $15.5 billion just after the purchase to about $8.5 billion currently. "We were fortunate," he says. "We sold nothing at a distress price." Will Chevron be able to continue improving in 1987? Maybe, but further efficiencies can't do it all. With its payroll already shrunk considerably, the best bet for strengthening earnings in 1987 probably lies in firming oil prices—and that is out of Keller's hands entirely. Chevron's 4.9% net profit margin is well above the international oil companies' average of 4%.

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Other oil and gas													
Standard Oil	81/●	1	23.5%	def	56.6%	def	18	0.8%	–15.4%	17	–24.0%	P–D	average
Holly Corp	●/●	2	21.0	34.1%	117.8	4.3%	26	–1.0	–14.5	1	30.2	80.6%	average
Mitchell Energy	31/47	3	18.6	5.5	159.9	4.3	15	1.4	–14.2	16	–18.8	34.7	high
Southland	30/24	4	16.7	14.8	38.2	2.4	1	22.9	–22.7	3	13.2	4.5	very high
Freeport-McMoRan	27/25	5	15.7	2.7	89.2	2.9	12	2.4	–15.4	10	–9.8	–83.8	average
Murphy Oil	●/●	6	15.3	3.0	23.1	1.9	25	0.3	–27.5	11	–12.4	–62.8	high
Unocal	87/86	7	15.2	2.0	324.4	def	17	1.0	–22.3	8	–8.0	–93.1	average
Witco	54/46	8	15.1	15.4	29.3	4.6	10	4.5	–6.5	4	9.3	10.8	average
Mapco	78/55	9	14.7	20.6	82.2	5.8	20	0.6	–10.4	7	–3.0	–3.9	very low
Pennzoil	86/68	10	14.2	def	165.5	def	30	–2.5	–35.3	15	–18.2	P–D	very high

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 61.

companies lost a total of $125 million after writedowns; in the same period of 1986, they lost $2.4 billion.

The waves of red ink have brought on round after round of consolidations and more writedowns. Witness, for instance, the merger of Hughes Tool and Baker International, or the action by Halliburton to get out of such worrisome businesses as building offshore platforms in the U.S. and Far East. Halliburton has cut its staff by 25% from 1985 levels and paid long-term debt down to a mere 10% of total capitalization.

"We're not threatened with extinction," Halliburton's Cruikshank says, "but some of the traditional companies, those with heavy debt burdens, may be missing from the scene by the time business picks up." In fact, the same grim prediction could turn out to come true for some of the weaker oil companies if the currently depressed market lasts for more than the next year or so. ■

Oil

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Valero Energy	56/30	11	14.1%	def	177.8%	def	7	5.8%	–22.0%		NM	D–D	NM
Sun Company	88/●	12	13.4	13.8%	32.3	6.4%	21	0.5	–16.5	9	–8.8%	202.3%	low
Quaker State Oil	78/79	13	12.7	15.9	34.5	5.5	13	2.3	–2.5	5	2.9	66.4	very low
Coastal Corp	54/17	14	12.5	2.2	404.0	0.8	8	5.7	–0.4	2	30.1‡‡	–82.9	very high
Atlantic Richfield	82/●	15	12.0	12.3	143.1	4.3	31	–2.7	–27.6		NM	D–P	NM
Louisiana Land	●/●	16	11.6	def	58.4	def	16	1.4	–23.8	19	–30.8	P–D	high
Tenneco	27/48	17	11.2	def	115.8	0.3	14	1.7	0.0	18	–28.5	P–D	high
Getty Petroleum	●/●	18	11.0	36.6	152.4	1.6	2	22.1	77.1		NM	500.0+	NM
Union Pacific	48/24	19	10.8	def	52.9	def	4	10.1	–8.7	6	–2.7	P–D	very low
Pacific Resources	●/●	20	10.0	17.6	50.7	3.1	3	12.0	–34.9		NM	65.6	NM
Kerr-McGee	75/63	21	9.6	def	39.2	def	27	–1.5	–14.8	14	–14.9	P–D	average
Cabot	49/56	22	9.6	13.1	85.5	5.6	19	0.7	–6.9		NM	D–P	NM
American Petrofina	83/DD	23	8.1	def	81.5	def	24	0.4	–5.9		NM	P–D	NM
Penn Central	24/54	24	7.9	5.7	10.6	4.2	23	0.4	–5.1		NM	–16.1	NM
National Distillers	29/39	25	7.6	7.6	48.8	3.8	9	4.8	6.1	12	–12.4	59.9	average
DeKalb	19/DD	26	6.6	def	49.7	def	22	0.5	–25.9	13	–12.6	P–D	average
Tesoro Petroleum	●/DD	27	5.7	def	44.7	def	32	–5.4	–35.8		NM	D–D	NM
Ashland Oil	61/60	28	4.3	18.5	81.8	3.0	29	–1.7	–11.4		NM	49.3	NM
Amerada Hess	●/DD	29	4.1	def	71.0	def	28	–1.5	–33.9		NM	F–D	NM
Crown Central Pet	80/87	30	1.2	def	57.3	def	11	2.6	–14.8		NM	P–D	NM
USX	52/●	31	0.6	def	84.7	def	5	7.9	–12.7		NM	P–D	NM
Diamond Shamrock	76/DD	32	0.2	def	90.7	def	6	7.1	–26.8		NM	D–D	NM
National Intergroup	NA/NA	33	def	def	70.0	def	33	–10.7	312.1		NM	D–D	NM
Tosco	●/●	34	def††	def	NE	def	34	–11.8	–42.0		NM	D–D	NM
Charter	●/●	35	def†	def	NE	def	35	–16.2	–54.8		NM	D–D	NM
Medians			**11.0**	**2.0**	**70.0**	**0.3**		**0.8**	**–14.8**		**–28.5**	**P–D**	
Oilfield services													
Schlumberger	64/●	1	23.3%	def	11.7%	def	5	3.3%	–10.7%	1	–15.4%	P–D	low
Baker International	75/85	2	13.4	def	52.8	def	6	0.6	–18.2		NM	P–D	NM
Halliburton	72/70	3	12.1	def	11.1	def	14	–9.7	–21.1	3	–37.2	P–D	high
LB Foster	51/DP	4	11.5	def	510.9	def	12	–6.9	37.0		NM	P–D	NM
Zapata	59/PD	5	10.8	def	190.8	def	16	–11.9	–34.2		NM	P–D	NM
McDermott Intl	27/DD	6	7.4	18.3%	63.3	6.6%	10	–5.3	1.0	2	–19.5	D–P	low
NL Industries	60/DP	7	5.7	def	56.6	def	15	–11.4	–42.4		NM	D–D	NM
Cameron Iron Works	74/48	8	5.1	def	48.6	def	13	–8.7	4.5		NM	P–D	NM
Dresser Industries	31/DD	9	4.7	def	23.0	def	8	–2.0	–5.1		NM	P–D	NM
Hughes Tool	●/●	10	4.3	def	75.2	def	9	–3.4	–29.7		NM	P–D	NM
UGI	20/DD	11	3.8	def	52.7	def	4	5.4	–14.6		NM	P–D	NM
Western Co No Amer	●/DD	12	3.3	def	285.7	def	7	–1.1	–46.9		NM	D–D	NM
Global Marine	●/DD	13	def	def	1651.6	def	3	9.4	–36.7		NM	D–D	NM
Gearhart Industries	●/●	14	def	def	128.9	def	1	20.6	–21.9		NM	P–D	NM
Smith International	●/DD	15	def	def	220.6	def	11	–6.7	–30.7		NM	D–D	NM
Masco Industries	22/ 2		NA	13.5	417.1	1.9	2	9.9	9.9		NA	–42.7%	NA
Medians			**5.1**	**def**	**69.3**	**def**		**–2.7**	**–19.7**		**NM**	**P–D**	
Industry medians			**10.9**	**–0.8**	**63.1**	**def**		**0.5**	**–15.4**		**–34.0**	**P–D**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. **DD:** Segment deficit, total deficit. **DP:** Segment deficit, total profit. **PD:** Segment profit, total deficit. D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. †Four-year average. ††Three-year average. ‡‡Three-year growth. For further explanation, see page 61.

PACKAGING

Metal and plastic continued their onslaught, but don't count out glass just yet. There's plenty of money to be made as the curtain slowly falls.

By Stuart Flack

WITH PLASTIC AND METAL containers and packages everywhere, the glass bottle seems a relic of another age, and in a sense it is. But even though glass will continue to lose market share, that isn't necessarily fatal. Companies are putting more emphasis than ever on boosting efficiency and shutting down excess capacity. That, in turn, spells good news for investors in glass stocks. On balance, the margins of such firms are likely to remain healthy, and the odds are good that glass stocks will continue to be good buys in the packaging sector.

Glass container shipments have been steadily falling by about 3.5% annually since 1980, and 1986 was the year that the industry finally and fully adapted itself to that trend. By scrapping 11 plants in the last two years, the industry cut costs sharply and wound up operating 90% of the capacity that survived. Meanwhile, glassmakers signed a new labor contract that locks in yearly wage increases of only around 2% through 1990.

Most improved

Nobody has capitalized on the recent trends in the packaging business better than Brockway Inc. Cutting capacity, paring costs and diversifying into markets in plastics and cans have made Brockway the most improved company in the industry for 1986.

Back in 1979 Brockway's chairman and chief executive officer, John A. Winfield, started streamlining his core business. Since then, he has closed three glass manufacturing plants, cutting capacity by 14%. He has modernized his remaining factories, boosting productivity at an annual rate of 5% since 1980.

Brockway's 13.1% return on equity stands well above its five-year average of 5.1% and right at the industry median. The company's earnings are up 72% from 1985 and should continue to rise. Winfield will look for further acquisitions in cans and plastics in 1987.

"In 1979 we realized that glass was on the decline, and if we wanted growth, we'd have to look elsewhere," says Winfield. From near-total dependence on glass in 1980, Brockway today derives only 64% of its revenues from glass, with 17% coming from plastics, 14% from cans and 5% from a sideline investment in a commuter airline. Winfield plans to keep it up until glass reaches around 50% of total sales.

But, he counsels, "Never lose faith in the glass container." After all, who in his right mind would want to break open a can of Scotch?

Red Morgan

John Winfield of Brockway

It should come as no surprise, then, that return on shareholder equity at Owens-Illinois and Brockway (the nation's number one and two glass container producers) was well above their five-year averages. Ball Corp.'s increase in profitability this year also came mainly from glass.

As glass demand dwindles, plastics continue to find new markets. Demand in this fastest-growing sector of the packaging industry was solid in 1986, and production costs stayed low. Dorsey Corp., a onetime glassmaker now completely diversified into plastics, exceeded its five-year average return on equity even though its much vaunted Petainer (a plastic beverage can) fell flat in a test market with Coke this year. So much for the death of the aluminum can.

Shipments of cans increased around 4%, taking market share from glass in the beer segment for the fourth year in a row. July's increase in the price of aluminum was offset by a drop in December, which should keep cans competitive.

In the food can market Heinz, Campbell Soup, Del Monte and RJR Nabisco continued filling more and more of their can needs by going to outside suppliers. But there may be trouble brewing in this once-steady segment, which accounts for around 27% of all can shipments. "Frozen foods are gaining popularity," says Merrill Lynch analyst Richard Palm. "The single-serving food containers that consumers want today have to be made of plastic. You can't put a can in the microwave."

There was plenty of maneuvering for position this year between glass and plastics, but the big maneuver was Triangle Industries' $570 million acquisition of American Can's packaging business. This makes Triangle the largest packaging company in the U.S., with domestic sales of around $2.5 billion in cans, $500 million in plastics and $350 million in glass. Triangle is now a powerful, though highly leveraged, presence. ■

Packaging

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Jefferson Smurfit	61/NA	1	25.6%	17.6%	186.8%	2.4%	6	13.4%	41.3%	8	7.5%	8.0%	low
James River Corp Va	NA/NA	2	21.7	13.2	84.5	3.8	1	51.3	22.0	2	22.4	–13.6	high
Fort Howard Paper	NA/NA	3	21.6	14.7	29.7	10.9	2	31.8	8.4	5	13.2	1.7	very high
Tyco Laboratories	35/36	4	19.4	21.1	81.7	4.3	4	17.1	40.4	11	2.8	31.2	very low
Sonoco Products	78/58	5	17.2	17.8	17.2	5.6	7	12.3	13.7	7	8.0	9.6	average
Avery International	●/●	6	17.1	15.2	38.6	4.6	9	9.7	15.2	3	14.1	–2.4	very high
Ball Corp	74/78	7	17.0	17.6	24.0	5.4	11	9.3	–0.9	4	13.5	15.0	very high
Pittway	29/31	8	15.5	11.8	7.3	5.3	8	10.5	10.2	10	3.8	3.7	low
Federal Paper Board	37/39	9	12.6	9.1	145.7	2.8	10	9.6	25.2	16	–15.9	41.8	very low
Union Camp	32/11	10	12.5	8.2	50.9	5.5	17	4.3	4.7	14	–6.9	–5.2	low
Dennison Mfg	54/48	11	12.5	5.7	53.5	1.8	13	6.2	4.1	15	–15.5	–54.6	very low
Triangle Industries	88/●	12	11.9	65.6	382.3	2.2	3	26.7	88.3		NM	16.9	NM
Bemis	66/57	13	11.4	12.7	48.9	3.0	18	3.3	7.2	6	9.4	12.4	average
Crown Cork & Seal	●/●	14	11.2	14.4	6.0	4.9	20	0.2	11.3	9	5.1	16.6	low
Dorsey	68/66	15	8.7	13.8	30.6	2.2	19	2.0	–1.0		NM	27.2	NM
Owens-Illinois	83/83	16	8.2	11.9	28.5	5.1	23	–2.0	–0.9	12	1.3	19.5	very low
Longview Fibre	55/20	17	7.8	13.2	67.4	6.1	14	5.6	0.7	1	68.6	73.7	high
Mead	32/12	18	7.2	8.6	46.5	3.0	21	–0.7	7.2		NM	–14.6	NM
International Paper	46/ 5	19	7.0	6.1	32.9	4.6	22	–1.8	4.3	18	–24.1	D–P	average
Boise Cascade	32/22	20	5.2	5.8	75.0	2.4	15	5.4	–1.0	13	–5.8	57.9	low
Brockway Inc (NY)	●/●	21	5.1	13.1	36.9	2.8	12	7.7	4.3	17	–19.7	72.1	low
Anchor Hocking	24/37	22	1.1	def	44.5	def	24	–5.6	2.5		NM	D–D	NM
Kerr Glass Mfg	●/●	23	def	def	30.9	0.1	25	–12.4	0.4		NM	D–D	NM
Anchor Glass	●/●		NA	201.7	181.6	3.5	5	16.2‡	NA		NA	NA	NA
Temple-Inland	55/52		NA	8.6	27.6	6.1	16	4.5	–1.2		NA	–16.6	NA
Industry medians			**11.9**	**13.1**	**44.5**	**3.8**		**6.2**	**6.0**		**1.3**	**9.6**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. D–D: Deficit to deficit. D–P: Deficit to profit. def: Deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. For further explanation, see page 61.

PAPER

Foreign suppliers were held in check, and widening margins caused stock prices to shoot upward. But how much longer can the party go on?

By Kathleen K. Wiegner

THE STOCKS IN THIS INDUSTRY handily outperformed the market in 1986, but not primarily because of improving sales or new market conquests. As with so many other companies in business these days, earnings gains in the paper industry came largely from cutting costs, scrapping unprofitable product lines and intensifying efforts in markets where a dominant position was already established. The falling dollar also helped. While earnings fell short of past records, together these factors sharply lifted earnings for most paper producers over depressed 1985 levels. Stock averages were up 30%, as against the Standard & Poor's 500 average, which rose by only 18% during the year.

After the price collapse of 1985, triggered in part by foreign competition, prices in 1986 recovered while wood and energy costs declined. One exception: certain coated stocks, demand for which continued weak. Magazines and catalogs are big users of these papers. When their business was booming in the late 1970s and early 1980s, many suppliers added new capacity—too much, it turned out. Now magazine advertising is off, and weaker mail-order sales have translated into fewer catalogs. The result has been bad news for companies like Consolidated Papers, Inc., a leading producer of coated papers, whose earnings declined an estimated 12%.

By and large most companies found it cheaper to acquire an existing business than to build a new mill. The paper makers, in short, like so many other suppliers of manufacturing and construction equipment, are trying to adjust to an economy that no longer promises much growth in demand for their products.

Thus, in November, International Paper Co. completed its $1.1 billion acquisition of Hammermill Paper Co., making International the largest producer of uncoated free sheet in the U.S. In June Fort Howard Paper Co., already one of the largest U.S. makers of paper products for food and drink service, completed its acquisition of Lily-Tulip, Inc., another leading producer of paper plates and cups. James River Co.

Paper

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Jefferson Smurfit	38/NA	1	25.6%	17.6%	186.8%	2.4%	5	13.4%	41.3%	7	7.5%	8.0%	low
James River Corp Va	NA/NA	2	21.7	13.2	84.5	3.8	1	51.3	22.0	2	22.4	–13.6	high
Fort Howard Paper	NA/NA	3	21.6	14.7	29.7	10.9	2	31.8	8.4	4	13.2	1.7	very high
Consolidated Papers	●/●	4	18.8	19.3	1.0	14.4	11	7.4	–8.4	3	14.7	–8.8	average
Bowater	●/●	5	18.5	10.9	105.5	5.6	20	3.6	–0.1	12	–4.0	–40.1	very low
Pentair	68/57	6	17.8	10.0	117.3	2.4	4	23.9	2.1	6	8.5	–37.6	average
Media General	28/31	7	15.7	11.2	64.1	5.6	6	12.6	8.5	10	4.8	1.9	average
Kimberly-Clark	20/30	8	15.1	14.8	27.1	6.1	9	9.0	7.6	9	6.1	–3.1	average
Federal Paper Board	52/54	9	12.6	9.1	145.7	2.8	7	9.6	25.2	19	–15.9	41.8	very low
Union Camp	49/80	10	12.5	8.2	50.9	5.5	17	4.3	4.7	15	–6.9	–5.2	low
Westvaco	87/●	11	11.9	10.7	47.7	6.0	19	4.1	5.2	11	1.9	2.7	very low
Gt Northern Nekoosa	●/●	12	10.4	5.8	36.6	3.0	12	7.4	3.4	18	–10.0	–4.3	low

● 90% or more. **DP:** Segment deficit, total profit. D–D: Deficit to deficit. D–P: Deficit to profit. def: Deficit. NA: Not available. NM: Not meaningful. For further explanation, see page 61.

picked up most of Crown Zellerbach's paper operations, then sold the distribution part of the business to Mead Corp. Connecticut-based Champion International Corp. sold its packaging operations to Stone Container, making that firm a leader in the manufacture of unbleached containerboard and several other product lines.

What about this year? Though currently held at bay by a weaker dollar, foreign competition is hardly likely to go away. In addition to traditional rivals from Canada and Europe, U.S. firms now also contend with competition from Brazil and a number of Third World countries; they have become tough rivals as a result of their abundant sources of low-cost wood pulp.

Adding capacity right now may not be wise for U.S. producers. But they need to keep mindful of the capacity building up outside the U.S. lest a surprise increase in demand bring in a foreign invasion of such magnitude as to turn the paper market into the latest version of Silicon Valley at the hands of Japan. ■

Most improved

When T. Marshall Hahn Jr. was named chief executive of Georgia-Pacific after a management shakeup in 1982, the company's balance sheet had 83 cents of debt for every $1 of equity, a heavier such burden than any other major paper company. Worse, return to shareholders on that equity was 2%, one of the lowest paybacks to investors of any top competitor. Today Georgia-Pacific boasts a more manageable 49% debt-to-equity ratio, earnings are rising and—at a recent $38—the stock stands close to its ten-year high. For that dramatic turnaround, Georgia-Pacific stands out as the paper industry's most improved company for 1986. How did Hahn, a former president of Virginia Polytechnic Institute & State University, orchestrate the recovery? In brief, by restructuring his company sooner, more rapidly and more effectively than his competitors. Specifically, Hahn sold off operations in chemicals and energy businesses, both markets in which Georgia-Pacific had expanded during the inflationary 1970s, and used the proceeds to pay down debt and increase Georgia-Pacific's paper business. Says Hahn: "We identified the fact that commodity chemicals were not related to our core business and that the world situation had changed." Over 30% of the company's sales came from pulp and paper in 1986, up 25% from a decade ago.

Thomas England

T. Marshall Hahn Jr.

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Scott Paper	27/41	13	10.3	14.9	111.3	5.6	10	7.8	10.3	8	7.0	15.1	low
Willamette Inds	65/84	14	8.8	13.1	44.8	5.4	16	5.0	–1.9	5	12.2	–8.3	very low
Stone Container	NA/NA	15	8.5	2.3	183.3	0.6	3	31.7	47.1		NM	–37.5	NM
Longview Fibre	33/47	16	7.8	13.2	67.4	6.1	14	5.6	0.7	1	68.6	73.7	high
Mead	66/89	17	7.2	8.6	46.5	3.0	23	–0.7	7.2		NM	–14.6	NM
International Paper	33/44	18	7.0	6.1	32.9	4.6	24	–1.8	4.3	20	–24.1	D–P	average
Potlatch	69/NA	19	6.4	10.5	62.8	5.6	21	3.5	0.2	13	–4.4	51.0	very low
Weyerhaeuser	27/29	20	6.0	7.2	53.1	4.5	17	4.3	1.2	17	–8.2	56.2	low
Georgia-Pacific	32/ 6	21	5.3	10.3	49.2	3.5	13	6.7	2.0	16	–7.5	500.0+	low
Boise Cascade	41/62	22	5.2	5.8	75.0	2.4	15	5.4	–1.0	14	–5.8	57.9	low
Champion Intl	49/78	23	3.3	6.7	82.3	3.9	8	9.0	–27.8		NM	D–P	NM
Southwest Forest Inds	53/DP	24	def	def	114.7	def	22	–0.5	–12.5		NM	D–D	NM
Industry medians			**10.4**	**10.4**	**63.5**	**4.6**		**7.1**	**3.9**		**–4.2**	**–0.7**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. **DP:** Segment deficit, total profit. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. NA: Not available. NM: Not meaningful. For further explanation, see page 61.

RETAILING

Retail sales were up in 1986, but the bargains were found on Wall Street, not on the shelves.

By Jeffrey A. Trachtenberg

RETAIL INSIDERS DIDN'T PICK UP that extra pair of $40 Calvin Klein jeans last year; they bought stocks. In 1986 many major department store chains in the country either came under attack in a hostile takeover attempt, were merged into another company or went private in a leveraged buyout. Players in the game included the Campeau Corp., which paid $3.7 billion for Allied Stores Corp.; top management at R.H. Macy & Co., which took the company private in a $3.7 billion leveraged buyout; May Department Stores, which paid $2.5 billion for Associated Dry Goods; Woodward & Lothrop, which has agreed to buy the John Wanamaker division of Carter Hawley Hale for a reported $180 million; and Peoples Jewellers and Swarovski International Holding A.G., which are paying $550 million for the Zale Corp. Most recently, Carter Hawley has decided to split itself in half, as a result of a $2 billion takeover bid.

Why the buying and selling? Management at Macy's, its stock depressed partly because of debt from a rapid expansion program, feared a takeover and acted first. Associated Dry Goods was poorly managed. The May Co., a top performer, believed it could improve Associated's profitability, especially at Associated's ailing Caldor division. Allied was well managed, but the Campeau Corp. decided its real estate holdings were undervalued on the balance sheet.

Retailing

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Apparel													
Limited	●/●	1	44.7%	47.1%	48.6%	6.7%	1	50.9%	45.0%	1	54.5%	55.9%	very high
Melville	33/33	2	23.8	20.9	5.6	4.5	5	16.0	10.6	5	11.6	16.4	very high
Gap	●/●	3	20.3	31.5	8.0	6.3	7	10.9	31.6	6	10.8	325.0	average
Petrie Stores	●/●	4	20.2	17.1	98.9	6.6	4	19.7	4.8	7	8.2	23.4	average
US Shoe	56/51	5	18.8	8.8	30.9	2.2	6	15.2	6.8	8	4.2	–31.7	low
Nordstrom	●/●	6	18.3	18.0	53.2	4.0	2	25.5	31.8	3	16.4	23.6	very high
Zayre	28/39	7	17.2	13.9	62.9	1.7	3	20.4	38.2	2	30.1	–15.4	very high
Edison Bros Stores	34/55	8	16.6	12.9	30.6	3.2	11	3.7	10.2	10	–6.8	59.3	low
Hartmarx	57/26	9	13.9	8.1	22.4	2.6	8	10.3	–3.0	4	14.9	–36.5	very high
Manhattan Industries	35/28	10	8.6	1.2	36.6	0.2	9	9.2	–21.7		NM	D–P	NM
Carter Hawley Hale	27/43	11	8.2	7.6	103.3	1.5	10	9.0	2.2	9	–6.1	4.0	very low
Medians			**18.3**	**13.9**	**36.6**	**3.2**		**15.2**	**10.2**		**10.8**	**19.9**	
Catalog showrooms													
Service Merchandise	●/●	1	16.4%	def	280.8%	def	1	22.1%	13.4%	1	–8.2%	P–D	very low
Gordon Jewelry	24/DP	2	10.0	5.5%	17.3	2.7%	3	1.8	–2.5	2	–14.3	72.2%	average
Best Products	●/●	3	7.7	def	99.8	def	2	20.1	–1.8	3	–40.8	P–D	high
Medians			**10.0**	**def**	**99.8**	**def**		**20.1**	**–1.8**		**–14.3**	**P–D**	
Department stores													
Dillard Dept Stores	●/●	1	21.3%	18.4%	43.4%	4.1%	1	27.9%	15.6%	1	43.2%	130.3%	very high
Lucky Stores	25/10	2	17.7	9.4	69.7	0.9	10	7.9	–24.9	11	–0.9	–44.1	very low
Mercantile Stores	●/●	3	17.1	15.9	29.4	5.5	6	11.0	8.8	3	17.8	21.2	very high
May Dept Stores	NA/NA	4	15.2†	14.5	48.2	3.6	5	12.4‡	7.1	5	15.5‡	7.0	very high
Strawbridge	●/●	5	13.9	14.5	105.6	3.1	4	12.6	8.6	2	22.8	–11.6	very high
Federated Dept Stores	66/87	6	13.4	10.5	26.2	2.8	8	10.1	2.8	10	3.5	–15.0	low
Allied Stores	●/●	7	13.4	12.4	47.0	3.5	3	12.7	5.9	6	13.9	–9.9	very high
JC Penney	●/NA	8	12.9	11.9	70.9	3.4	11	4.0	7.0	8	7.9	24.2	average
Sears, Roebuck	64/52	9	12.0	11.6	82.2	3.1	7	11.0	8.4	4	16.5	7.9	high
Mobil	10/ 1	10	11.0	11.6	63.1	3.3	14	–2.3	–11.1	14	–16.9	81.4	high

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Most improved

Gap Chairman Donald Fisher

Shonna Valeska/Visions

There were several worthy runnersup, but the most improved retailer for 1986 was clearly The Gap. During the year the San Francisco-based firm expanded its trendy Banana Republic division into 64 outlets while adding 44 more Gap stores, to bring the total to 664. Moreover, the company sold its one losing division—the Pottery Barn—to Williams-Sonoma, although at a loss.

Donald Fisher, The Gap's chairman and chief executive, thinks his single most important move during the year was allowing Millard Drexler, president of the Gap division, to reposition that unit. Says Fisher, "He moved us toward an older customer, 18 and up, and away from highly fashionable clothing to more traditional looks."

Next on Fisher's agenda: expanding the Gap Kids stores and moving into Europe. By the fall of 1987 The Gap expects to have four Gap stores in London, plus one Banana Republic. Fine, but will shoppers still be clamoring for safari and traditional styles by then? Come back next year and find out.

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Carson Pirie Scott	54/41	11	10.5%	8.0%	83.5%	1.2%	2	16.7%	5.6%	9	6.1%	–37.0%	low
Carter Hawley Hale	72/56	12	8.2	7.6	103.3	1.5	9	9.0	2.2	13	–6.1	4.0	very low
Equitable of Iowa	40/ 1	13	7.7	15.6	8.6	8.5	12	1.7	–3.5	12	–2.4	79.8	very low
Alexander's	●/●	14	2.6	3.7	82.9	0.5	13	0.3	0.0	7	12.7‡‡	–46.9	average
Medians			**13.2**	**11.8**	**66.4**	**3.2**		**10.6**	**5.8**		**10.3**	**5.5**	
Discount and variety													
Wal-Mart Stores	●/●	1	35.1%	31.0%	60.7%	3.6%	1	39.0%	39.4%	2	41.4%	31.8%	very high
Family Dollar Stores	●/●	2	27.9	26.4	0.0	6.3	4	20.9	19.0	5	29.5	8.2	very high
Fred Meyer	34/NA	3	23.8††	19.9	206.1	1.3	9	13.5‡‡	NA	1	42.3‡‡	NA	high
Ames Dept Stores	●/●	4	23.2	11.6	35.6	2.3	2	31.8	80.4	7	26.7	8.6	very high
Dollar General	●/●	5	21.0	8.7	77.8	1.7	3	23.3	–0.4	4	29.6	–53.3	very high
Stop & Shop Cos	43/46	6	18.9	10.5	80.9	1.1	10	13.1	12.9	9	16.3	–14.9	low
Zayre	65/62	7	17.2	13.9	62.9	1.7	5	20.4	38.2	3	30.1	–15.4	very high
Dayton-Hudson	73/76	8	17.0	14.4	56.3	3.0	6	17.2	9.9	10	13.9	0.4	very high
Rose's Stores	●/●	9	16.6	16.8	28.0	2.4	8	14.8	18.0	6	29.2	32.0	high
Jamesway	●/●	10	15.3	10.1	62.4	1.8	7	14.9	11.1	8	21.1	–22.7	average
K mart	89/●	11	12.2	9.0	87.9	1.3	11	9.3	4.9	11	6.1	–27.4	very low
Heck's	88/DP	12	4.4	def	82.2	def	12	2.9	15.8		NM	D–D	NM
FW Woolworth	67/49	13	4.3	15.9	27.0	3.1	13	–4.4	7.0		NM	26.2	NM
Medians			**17.2**	**13.9**	**62.4**	**1.8**		**14.9**	**14.4**		**26.7**	**–7.3**	
Drugs													
American Stores	NA/NA	1	27.1%	16.4%	100.9%	1.1%	3	17.1%	–2.5%	1	30.2%	–29.2%	high
Rite Aid	●/●	2	22.9	17.7	34.9	4.3	7	10.1	8.9	5	15.1	8.2	high
Walgreen	●/NA	3	22.3	21.3	29.4	2.8	4	15.8	15.8	3	20.4	9.2	very high
Revco DS	●/●	4	18.9	13.4	78.7	1.9	2	17.6	12.8	7	2.8	81.3	very low
Longs Drug Stores	●/●	5	17.4	13.0	0.0	2.4	6	10.6	7.1	6	8.1	–10.4	high
Sherwin-Williams	30/ 3	6	15.4	17.3	28.2	3.6	5	11.2	2.0	2	21.5	10.8	very high
Perry Drug Stores	73/NA	7	14.4	10.4	126.3	1.3	1	28.8	31.0	4	17.1	–17.4	very high
Pacific Lighting	25/12	8	13.2	6.0	72.2	1.9	8	9.6	7.3	8	–2.6	–39.6	very low
Pay 'n Save	●/DD		NA	NA	230.6	NA		NA	NA		NA	NA	NA
Medians			**13.2**	**14.9**	**72.2**	**1.9**		**13.5**	**8.1**		**16.1**	**–1.1**	

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As for 1987, a new owner of Federated could well spin off Bloomingdale's, with its $1 billion in annual sales. Some observers say Bloomingdale's alone would be worth $2 billion on Wall Street. The new tax laws should also improve cash flow by reducing taxes.

Undervalued real estate—including current long-term leases—is of paramount concern today. Explains retail consultant Howard Davidowitz: "Retail real estate is reflected at its original price on a balance sheet, and it is then written down. So its true value may be 20 times what is reported. When W.T. Grant was liquidated, for example, bondholders were paid off from real estate sales. Leases, too, are valuable. Say you are in the eleventh year of a 20-year lease. Market rent could be three times what you are paying. An acquirer gets that lease."

That said, 1986 wasn't a good year for all retailers. Batus Inc. sold many of its retail chains, including Gimbels and Frederick & Nelson. The venerable Ohrbach's chain will disappear, with the Manhattan flagship store being commercially redeveloped by the Amcena Corp., Ohrbach's parent company. Amcena is also closing five other East Coast Ohrbach's stores and intends to reopen them as part of the Howland-Steinbach chain.

One major concern all retailers share is rising debt. Consumers owed $573 billion through July 1986, against $500 billion a year earlier. Eventually that spending spree will come to an end. Maybe it already has. Some of the biggest stores, such as Sears, Roebuck & Co., say the number of consumers failing to pay their credit balances is higher than expected. ■

Retailing

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Jewelry													
Jostens	41/NA	1	22.2%	20.9%	129.9%	6.8%	1	11.1%	11.6%	2	9.1%	9.0%	very high
Gordon Jewelry	75/●	2	10.0	5.5	17.3	2.7	3	1.8	–2.5	3	–14.3	72.2	average
Kay	34/47	3	7.4	19.7	74.0	1.8	4	–2.3	37.5	1	37.6‡‡	181.7	average
Zale	●/DD	4	2.4	def	52.4	def	2	5.2	7.6		NM	P–D	NM
Medians			**8.7**	**12.6**	**63.2**	**2.3**		**3.5**	**9.6**		**–2.6**	**40.6**	
Shoes													
Melville	31/34	1	23.8%	20.9%	5.6%	4.5%	1	16.0%	10.6%	1	11.6%	16.4%	very high
Edison Bros Stores	65/44	2	16.6	12.9	30.6	3.2	3	3.7	10.2	3	–6.8	59.3	low
Brown Group	44/NA	3	15.7	11.9	38.8	3.2	4	3.6	–4.1	2	–0.2	51.0	very low
Morse Shoe	79/38	4	7.5	6.8	63.4	1.6	2	5.0	6.7		NM	12.8	NM
FW Woolworth	26/46	5	4.3	15.9	27.0	3.1	6	–4.4	7.0		NM	26.2	NM
Genesco	46/59	6	def	def	135.9	def	5	–3.9	–5.0		NM	D–D	NM
Medians			**11.6**	**12.4**	**34.7**	**3.2**		**3.7**	**6.9**		**–6.8**	**21.3**	
Miscellaneous													
Highland Superstores	●/●	1	63.8%	26.3%	18.7%	4.0%	3	36.2%	45.9%	2	61.3%	22.7%	very high
Price Co	●/●	2	59.3	35.4	0.9	2.2	1	67.2	44.4	1	70.7	22.6	very high
Tandy	68/NA	3	34.0	16.8	14.0	6.4	10	16.2	6.5	11	15.0	2.3	average
Circuit City Stores	●/●	4	27.7	22.8	66.6	3.2	2	41.0	37.6	3	53.4	24.7	very high
Toys "R" Us	●/●	5	24.6	15.8	11.1	5.7	7	27.7	14.1	6	28.9	4.6	very high
General Host	68/45	6	23.7	16.5	133.9	6.4	14	6.4	9.4	4	32.0‡	–57.0	low
Hechinger	●/●	7	19.5	14.7	58.6	4.8	8	23.5	19.6	7	25.4	9.2	very high
Genuine Parts	68/79	8	19.0	16.9	3.1	5.2	13	10.6	3.3	12	6.8	0.0	very high
Payless Cashways	●/●	9	18.8	12.8	36.5	2.8	4	31.2	11.7	9	18.5	12.8	high
Lowe's Cos	●/●	10	17.3	14.4	34.3	2.7	9	20.5	18.4	5	30.1	–6.0	very high
Sherwin-Williams	42/38	11	15.4	17.3	28.2	3.6	12	11.2	2.0	8	21.5	10.8	very high
Scotty's	●/●	12	15.1	7.3	33.2	2.5	11	13.2	8.7	13	3.2	–31.7	low
Perry Drug Stores	24/NA	13	14.4	10.4	126.3	1.3	6	28.8	31.0	10	17.1	–17.4	very high
Intermark	65/78	14	13.5	def	322.6	def	5	30.3	2.0		NM	D–D	NM
American Can	46/34	15	4.7	15.6	39.0	4.9	17	–3.3	9.6		NM	63.6	NM
Evans Products	81/DD	16	def	def	NE	def	15	–2.0	–10.1		NM	D–D	NM
Wickes Cos	65/50	17	def††	6.6	208.4	1.8	16	–2.1	31.5		NM	–70.7	NM
Child World	●/●		NA	5.7	18.5	1.5		24.2	NA		NA	NA	NA
Costco Wholesale	●/DD		NA	10.8	149.6	0.5		NA	105.6		NM	D–P	NM
Medians			**18.8**	**14.7**	**34.3**	**2.8**		**22.0**	**12.9**		**17.8**	**2.3**	
Industry medians			**16.5**	**13.0**	**52.4**	**2.7**		**12.6**	**8.8**		**11.6**	**7.5**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

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SURFACE TRANSPORTATION

For railroads, the light is still at the end of that long tunnel. For truckers, it was bankruptcy for some, prosperity for others.

By Peter Fuhrman

According to the experts, 1986 was to have been a turnaround year for the nation's railroads. It wasn't. Fuel prices and labor costs, which account for 60% of railroad expenses, were at their lowest levels in recent history, but business was sluggish for the kind of freight the rails haul, and there were tremendous writeoffs as the industry worked hard at cutting costs.

When will the turnaround come? The railroads are learning how to compete in a deregulated world, and to succeed they must not only cut costs but also win more traffic. The bright spot is the continuing reduction in manpower in what has been recognized as the most featherbedded industry in the nation. Although traffic was down only marginally in 1986, railroad employment was chopped by 9%, to 295,000, which is down from 502,000 seven years ago. Costs of chopping the work force accounted for a good chunk of huge writeoffs. These amounted to $1 billion each at Burlington Northern, Union Pacific and Santa Fe Southern Pacific.

Another fundamental trend is the gradual spinoff of costly spur lines. The reborn regional spurs, under new management and unfettered by costly union make-work/make-pay rules, are lowering their rates and winning back some of the local business lost to the truckers. They are now becoming the most profitable railroad operations in the nation.

The rail industry still has some battles to fight. First: The railroads count on the Supreme Court to outlaw secondary boycotts—they are illegal everywhere but in the railroad and airline industries. Then individual lines might fight through

Surface transportation

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Railroads													
Kansas City Southern	70/83	1	14.9%	0.2%	79.3%	0.3%	5	8.4%	–2.1%	2	8.9%	–98.5%	high
Burlington Northern	46/58	2	12.7	def	81.2	def	1	18.2	–15.6	1	9.2	P–D	average
Norfolk Southern	89/●	3	12.4	10.4	16.6	12.1	7	2.2	12.8	5	–2.1	1.2	very low
Union Pacific	48/60	4	10.8	def	52.9	def	4	10.1	–8.7	6	–2.7	P–D	very low
Santa Fe Southern	71/20	5	9.9	4.5	27.9	4.5	8	1.5	–10.2	4	0.6	–37.6	very low
CNW	●/DD	6	9.5	0.1	137.4	0.4	10	–1.3	8.1		NM	D–P	NM
American Standard	24/21	7	9.5	11.3	18.3	3.1	6	3.6	–7.3	7	–29.8	–10.4	high
IC Industries	23/18	8	8.4	def	100.7	def	9	0.8	–3.6	3	1.3	P–D	very low
CSX	65/72	9	8.0	def	69.5	def	2	10.1	–11.5		NM	P–D	NM
Soo Line	●/16	10	6.7	def	124.7	def	3	10.1	19.9		NM	D–D	NM
GATX	30/●	11	def	8.3	591.5	4.9	11	–8.0	–24.3		NM	D–P	NM
Medians			**9.5**	**0.1**	**79.3**	**0.3**		**3.6**	**–7.3**		**–2.7**	**P–D**	
Trucks and leasing													
Minstar	33/ 2	1	27.7%	16.5%	175.9%	3.7%	1	139.1%	28.0%	1	159.9‡%	127.6%	very high
Carolina Freight	●/●	2	20.3	16.6	70.6	3.0	2	18.1	13.4	4	16.5	15.1	high
Mayflower Group	71/53	3	19.3	11.3	106.7	1.1	3	16.5	45.7	2	36.4	–31.2	very high
Roadway Services	●/●	4	18.8	12.2	0.0	4.4	8	7.2	11.7	8	4.4	–10.9	low
Consol Freightways	83/●	5	18.1	14.7	9.3	4.3	10	5.8	11.1	7	5.5	12.2	very low

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Most improved

No company more deftly rode the trucking industry's favorable momentum in 1986 than Arkansas Best. In less than three years Arkansas Best doubled its size while transforming itself from a southern-based regional trucker to a leading national carrier—all without significantly diluting shareholder equity. "We're just beginning to reap the fruits of our labors," says H.L. Hembree, who's been at Arkansas Best for 29 years, 13 as chairman, and is its largest shareholder.

Charles Thatcher

Arkansas Best's H.L. Hembree

Hembree's trick is that he looks beyond the next truck stop. He invested $219 million over three years to triple the number of freight terminals, renegotiated union contracts and discarded the company's least profitable accounts. Result: Return on shareholder equity increased to 21.5%, while earnings rose 38.5%, and Arkansas Best's stock doubled, to 27. And Hembree has no intention of slowing down. "We are going to just keep expanding," he says.

strikes, and maybe break them, which means negotiating from strength with their unions in coming years.

Second: Beating back efforts by coal companies and utilities to get Congress to reimpose some form of federally regulated pricing. Basic self-interest should sway Congress here, since such meddling would likely lower the value of the government-owned Conrail, which Washington will sell off in the spring for something like $2 billion.

Third: Empire building—buying into trucking and shipping—had better work. Last year Union Pacific paid $1.2 billion for Overnight, a nonunion trucking firm, and CSX paid $800 million for Sea-Land, the containerized shipper.

Fourth and perhaps most crucial: The railroads must broaden their customer base beyond industrial raw materials.

Enter trucking, where to the survivors went the spoils. After deregulation in 1979 the number of licensed carriers doubled; then came the jackknifing. The failure rate is climbing. This year McLean Trucking, with 1985 sales of $600 million, folded.

But those bankruptcies loaded more than $1 billion in extra business for the survivors. The big profits concentrate in the less-than-truckload (LTL) segment, with Roadway, Consolidated Freightways, Yellow Freight, Carolina Freight and Arkansas Best running fastest.

Lower fuel prices and interest costs paid dividends for truckers, but the fierce competition keeps prices down. So why do the truckers do better than the railroads? Because the truckers earn four times as much on every pound they haul, and that's because they're hauling most of the good stuff, not sagging commodities. ■

Yardsticks of management performance

		Profitability					Growth						
		Return on equity					Sales			Earnings per share			
Company	% in –segment– sales/profits	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	earnings stability
Ryder System	●/●	6	18.0%	16.6%	168.3%	4.2%	6	10.8%	34.1%	5	13.7%	21.0%	very high
Leaseway Transport	●/●	7	14.8	18.9	86.8	4.4	7	9.6	–2.1	9	3.2	147.1	very low
Yellow Freight System	●/●	8	14.6	21.8	17.7	4.2	4	14.4	10.6	3	30.5	28.1	high
Household International	23/7	9	12.1	13.7	368.3	5.6	14	–7.2	–57.0	6	9.3	6.4	average
Arkansas Best	79/66	10	10.0	21.5	126.0	3.1	5	11.2	16.5		NM	38.5	NM
Gelco	●/●	11	9.9	def	548.9	def	9	7.0	–26.8		NM	P–D	NM
Dorsey	27/22	12	8.7	13.8	30.6	2.2	12	2.0	–1.0		NM	27.2	NM
RLC	●/●	13	8.7†	12.1	281.9	3.2	11	3.9	9.7	10	–16.6	121.2	average
IU International	40/DP	14	def	def	90.0	def	13	–1.7	–36.6		NM	D–D	NM
Medians			**14.7**	**14.3**	**98.4**	**3.5**		**8.4**	**10.9**		**5.0**	**18.1**	
Other surface													
McLean Industries	●/●	1	16.0%	def	892.2%	def	1	15.3%	12.6%		NM	P–D	NM
Alexander & Baldwin	68/74	2	13.9	17.9%	32.7	18.3%	3	4.1	2.1	1	11.8%	11.0%	low
Greyhound	33/40	3	11.6	10.4	58.3	4.7	4	–16.0	2.9	3	–3.2	4.5	low
American President	●/●		NA	0.7	62.8	0.3	2	14.6	26.5	2	3.3‡‡	–93.9	very low
Medians			**13.9**	**5.6**	**60.6**	**2.5**		**9.4**	**7.8**		**0.1**	**–44.7**	
Industry medians			**11.9**	**10.4**	**81.2**	**3.1**		**7.2**	**2.9**		**0.6**	**–10.4**	

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TELECOMMUNICATIONS

This was the year of the double standard: better to serve customers than to supply them. More phone calls meant more profits for the phone companies, but not more business for the equipment makers.

By Kathleen Healy

IN 1986 THE $160-BILLION-A-YEAR telecommunications industry developed a split personality. Companies involved in providing services to customers made money in record amounts. Companies that make and sell equipment did not do nearly so well. Why? With large capital investments already in place, operating companies had little more to do than sit back and collect money from their customers, whereas a generally weak economy and the high cost of new capital investment discouraged firms from expanding their systems. Earnings of manufacturers suffered accordingly.

For providers of service, 1986 was a banner year. AT&T turned in record earnings for long distance, but 1987 could be different. Recently the Federal Communications Commission reduced AT&T's allowed rate of return, which could lower profits by as much as $100 million. Most of the Bell operating companies reported peak earnings as well.

All are wrestling for market share. In long distance, the saga of AT&T versus everyone else continued. Because of the FCC ruling, AT&T announced price cuts on long distance, forcing MCI and others to do the same. And local telephone compa-

Telecommunications

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Carriers													
MCI Communications	●/●	1	32.4%	7.2%	133.0%	3.1%	1	59.9%	44.9%	1	34.4%	–20.0%	very low
Centel	60/84	2	17.3	15.7	81.0	10.0	8	8.8	–1.3	6	5.2	4.4	very high
PacifiCorp	21/11	3	15.6	13.7	106.8	11.8	3	14.2	3.4	4	7.1	–13.5	average
Contel	71/●	4	15.6	16.0	139.4	7.7	2	14.6	27.0	3	7.4	–2.9	high
Alltel	77/●	5	14.9	15.4	107.0	11.2	4	10.4	3.7	2	8.1	8.7	very high
So New England Tel	●/●	6	13.6	13.5	53.3	9.9	7	9.2	3.4	5	5.7	11.7	average
United Telecom	82/●	7	12.9	0.1	143.7	0.4	5	10.0	0.1	7	–32.9	–99.6	average
GTE	71/●	8	11.9	def	96.0	def	6	9.4	–0.1		NM	P–D	NM
Western Union	●/DD	9	def	def	159.6	def	9	6.5	–9.6		NM	D–D	NM
American Tel & Tel	●/●		NA	12.0	46.3	5.3		NA	1.4		NA	18.0	NA
Ameritech	●/●		NA	15.0	59.1	12.0		NA	4.6		NA	8.4	NA
Bell Atlantic	●/●		NA	14.7	60.8	12.1		NA	8.9		NA	9.2	NA
BellSouth	●/●		NA	15.1	56.3	13.7		NA	9.8		NA	4.4	NA
Nynex	●/●		NA	14.4	62.4	10.9		NA	8.9		NA	10.6	NA
Pacific Telesis	●/●		NA	14.3	70.7	11.7		NA	7.7		NA	6.3	NA

● 90% or more. **DD:** Segment deficit, total deficit. D–D: Deficit to deficit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. For further explanation, see page 61.

Most improved

Steven Begleiter

Alltel's Weldon Case

Overall, the telecommunications industry in 1986 enjoyed a 3.0% earnings gain over 1985 levels, with a similar 13.3% jump in return on equity. But one company, Alltel Corp. of Hudson, Ohio, ranked far ahead of the averages. The sixth largest of 1,100 independent phone companies, Alltel buys small local phone companies and, through investment in plant and equipment, makes them more cost-efficient profit centers. Because its chairman of 25 years, Weldon Case, pursued that strategy more effectively than any of his competitors, Alltel stood out as the industry's most dramatically improved company for 1986. In fact, with a total return to shareholders (stock appreciation plus dividends) of 24% annually over the past 5 years, it has done consistently better than any of its competitors. "Because our markets have been opened to competition," says Case, "we've had to build a larger, more diverse organization and increase profits from our telephone companies by investing in technology."

Since the 1983 merger that formed Alltel, the company has bought into over 20 firms, including the acquisition of the 20,000-customer Heins Telephone of Sanford, N.C. and a $50 million partnership in three fiber-optic long-distance companies. And by spending $160 million annually on plant and equipment, Case has given his acquisitions a revenue boost that sent earnings per share for 1986 up by 8.7%, yielding 11.2% in net profits.

The result? While Alltel is the smallest company of the top 20 on our list, its return on equity of 15.4% is among the best in the industry. During 1986 Wall Street responded accordingly, boosting Alltel's stock price by 50% during the year, to 41 recently.

nies, in the battle for customers, have introduced a range of new services, such as charges based on distance called as well as time on the line or the time of day a call is placed.

The push for further deregulation continued as well, with favorable decisions coming mostly on the state level. Nebraska gave phone companies freedom to charge what they want for service as long as increases don't exceed 10% annually.

Diversification also continued, but not on the grandiose scale some dreamed of only a few years ago. Companies are rushing to get into the mobile communications business as more than 500,000 people now pay to talk from their cars—a market that may reach $3.2 billion by 1990, with 3 million people chatting behind the wheel.

Restructuring continued, too. In one dramatic example, GTE has been selling off parts of three divisions: half its domestic PBX business to Fujitsu, 80% of its international switch manufacturing operations to Siemens, and half its Sprint long-distance service to United Telecom. And AT&T not only pared back its data products division but announced plans to cut its payroll by 27,000, mainly through costly early retirement incentives. Those accounted for a third of the $3 billion writeoff AT&T took as 1986 ended. ■

Yardsticks of management performance

		Profitability					**Growth**						
		Return on equity					**Sales**			**Earnings per share**			
Company	**% in –segment– sales/profits**	**rank**	**5-year average**	**latest 12 months**	**debt as % of equity**	**net profit margin**	**rank**	**5-year average**	**latest 12 months**	**rank**	**5-year average**	**latest 12 months**	**earnings stability**
Southwestern Bell	●/●		NA	13.1%	63.6%	12.3%		NA	1.8%		NA	–2.0%	NA
US West	●/●		NA	13.7	64.5	11.6		NA	6.9		NA	1.6	NA
Medians			**14.9**	**13.7**	**70.7**	**10.9**		**10.0**	**3.7**		**5.7**	**4.4**	
Manufacturing													
TIE/Communications	●/DD	1	17.3%	def	20.9%	def	1	45.3%	–9.1%		NM	D–D	NM
Anixter Bros	●/●	2	15.1	10.9%	25.1	3.4%	4	12.4	0.8	2	–6.8%	27.1%	average
M/A-Com	NA/NA	3	13.0	2.7	48.8	2.2	2	19.1	–31.6	1	0.9	–68.5	very low
Motorola	41/●	4	12.7	7.4	25.0	3.1	3	13.6	4.3	3	–10.6	8.5	very low
ITT	30/28	5	9.0	5.7	42.2	2.8	5	–9.2	8.4	4	–19.2	–20.1	very high
Medians			**13.0**	**5.7**	**25.1**	**2.8**		**13.6**	**0.8**		**–10.6**	**–20.1**	
Industry medians			**14.3**	**13.3**	**63.0**	**8.8**		**11.4**	**3.6**		**–3.0**	**3.0**	
All-industry medians			**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**	

● 90% or more. **DD:** Segment deficit, total deficit. D–D: Deficit to deficit. P–D: Profit to deficit. def: Deficit. NA: Not available. NM: Not meaningful. For further explanation, see page 61.

WHO'S WHERE IN GROWTH

Higher sales don't mean anything unless they are translated into profits. But companies can no longer rely on increasing their profits by increasing their sales.

THERE ARE ONLY TWO WAYS TO BOOST SALES—through higher prices and by increased market share. Last year U.S. corporations found it tough on both counts. They had to contend with a sluggish economy, heavily indebted consumers and foreign competition that was not notably restrained by a falling dollar. Latest 12-month sales increased only 3.9%, vs. 4.3% last year.

Earnings rose even less than sales, but at least corporations did get better at squeezing more pennies of profits out of every sales dollar. The median net profit margin of 1,012 companies in this report is up to 3.9%, vs. 3.8% last year. More tellingly, the latest 12-month per-share earnings for the median company rose 2.8%, vs. a 0.6% decline last year.

By definition, of course, one-half of the corporations surveyed here failed to match that median 12-month earnings growth rate of 2.8%. Some were belted a lot harder. At 282 corporations, earnings declined more than 10%. Only 196 corporations reported gains of 25% or more.

Who leads in sales growth? Pullman-Peabody, topping our list, grew by acquisition. So did second-place Minstar, successor to the bankrupt Arctic Enterprises. Columbia Savings & Loan ranked third in sales growth thanks to a tremendous boost in loan volumes resulting from lower interest rates in early 1986.

Of the 1,012 companies, only 157 show negative five-year sales growth rates. Major oils and oilfield service firms have suffered from slumping demand for heavy equipment and industrial machinery.

The five-year earnings growth leader is Emerson Radio. During the past half-decade earnings grew at the astonishing average rate of 171.7% for the Secaucus, N.J.-based importer and distributor of consumer and medical electronics. Over the past 12 months, per-share earnings advanced 54.4%. One key to Emerson's success is that as an importer, not a manufacturer, Emerson has managed to keep its costs and its prices competitive with aggressive foreign companies.

Over the long run, of course, it is impossible for a company to grow way above the all-industry growth rate median. Look at Emerson Radio. At the 54.4% pace it maintained over the past 12 months, such is the power of compounding, it would take Emerson only two decades to exceed the total profits of The Forbes Sales 500, a highly unlikely event.

All growth rates must be put into perspective. Take Intergraph, a manufacturer of CAD/CAM systems, which has a five-year earnings growth rate of 65.5%. That's hot, even for a company in the computer industry. But note that in 1980 earnings were only 13 cents a share. With that as the base year, almost anything would look good. More important, over the last 12 months Intergraph's earnings fell 2.3%.

Earnings that grow faster than sales are something to crow about. Kellwood, for example, is ranked 801 in sales growth, but 5 in five-year earnings growth. The St. Louis-based apparel maker sold off its lower-margined businesses and acquired more profitable lines. Although sales have been pretty flat over the five-year period, net profit margins grew from 1.4% in 1981 to 4%. Kellwood's comeback made it the most improved company in its industry.

But handle all growth rates with caution. Of the top 50 companies ranked by five-year earnings growth rate in the FORBES industry survey of five years ago, only Kay Corp. remains in the top 50. Evans Products, Storage Technology and Charter, all among the top 50 in 1982, eventually went bankrupt. Savin, Tosco and Marion are financially distressed. Wall Street pays a premium for earnings growth and the expectation that earnings will continue growing in the future. Wall Street, the record shows, is often wrong *(see p. 40).* ■

Who's where in growth

Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Emerson Radio	1	171.7‡%	54.4%	20	50.1%	60.8%
Chrysler	2	161.6‡‡	–19.6	145	19.5	3.9
Minstar	3	159.9‡	127.6	2	139.1	28.0
CalFed	4	156.3‡‡	21.3	50	32.2	2.5
Kellwood	5	132.8	12.1	801	0.8	–10.6
Fleetwood Enterprises	6	121.7‡	–24.8	67	29.3	–2.6
Southmark	7	110.4	–29.2	4	99.3	5.9
Tyson Foods	8	94.2	34.1	129	20.9	32.4
Rohr Industries	9	93.1	–6.6	716	3.4	3.1
General Motors	10	90.0‡	–7.7	341	11.0	10.1
Maxicare Health	11	89.4‡‡	57.8	12	64.2	44.6
American Continental	12	81.3	–48.9	113	22.9	16.4
NWA	13	75.8	–14.5	373	10.3	18.2
Hasbro	14	71.2	1.7	9	71.0	12.9
Price Co	15	70.7	22.6	11	67.2	44.4
Longview Fibre	16	68.6	73.7	608	5.6	0.7
Nacco Industries	17	65.7	46.7	717	3.4	19.8
Intergraph	18	65.5	–2.3	15	58.4	22.8
Highland Superstores	19	61.3	22.7	39	36.2	45.9
Limited	20	54.5	55.9	19	50.9	45.0
Student Loan	21	54.2	25.9	63	29.8	11.0
Liz Claiborne	22	53.8	39.6	21	47.9	42.7
Circuit City Stores	23	53.4	24.7	28	41.0	37.6
CityFed Financial	24	53.2‡‡	–17.5	34	37.6	10.1
Outboard Marine	25	51.8	–62.1	647	5.0	10.4
Telex	26	50.4	12.9	43	33.7	16.0
General Public Utils	27	48.0	30.5	422	9.3	–1.2
Brunswick	28	47.4	14.2	557	6.7	9.3
Macmillan	29	46.7	32.8	656	4.7	25.0
Berkshire Hathaway	30	46.3	140.5	209	15.2	138.9
ICH	31	45.5	63.5	10	68.8	9.3
Collins & Aikman	32	43.7	4.1	240	14.2	6.7
Trinova	33	43.6	81.4	344	11.0	–13.6
Del E Webb	34	43.3	19.1	943	–6.5	–9.0
Dillard Dept Stores	35	43.2	130.3	76	27.9	15.6
Fred Meyer	36	42.3‡‡	NA	258	13.5‡‡	NA
Wal-Mart Stores	37	41.4	31.8	30	39.0	39.4
Florida Natl Banks	38	40.2	–47.6	92	25.1	5.5
Great A&P Tea	39	39.6‡‡	2.0	855	–0.9	9.4
Reliance Group	40	39.4‡‡	–80.7	233	14.4‡‡	20.4
SCI Systems	41	38.7	0.0	8	71.7	–17.6
Charter Medical	42	38.4	8.0	89	26.1	23.0
Kay	43	37.6‡‡	181.7	885	–2.3	37.5
Dibrell Brothers	44	37.2	–0.7	757	2.2	–10.8
Comdisco	45	37.2	35.5	160	17.8	55.1
Munford	46	37.1	–37.1	502	7.7	5.6
Arvin Industries	47	36.8	19.1	221	14.7	6.9
Mayflower Group	48	36.4	–31.2	185	16.5	45.7
Shaw Industries	49	36.3	–1.4	135	20.4	10.2
Manor Care	50	36.3	11.5	16	54.0	4.5
Northrop	51	35.6	–76.4	96	24.6	17.4
Cummins Engine	52	34.8‡	P–D	636	5.2	0.2
Time Inc	53	34.6‡	92.1	235	14.3	11.1
MCI Communications	54	34.4	–20.0	14	59.9	44.9
Echlin	55	34.2	0.9	140	19.9	16.9
Primark	56	34.2	3.1	576	6.4	–8.1
Grumman	57	34.2	–16.6	319	11.6	11.3
General Cinema	58	33.8	–25.9	664	4.6	4.8
Maytag	59	33.5‡	NA	212	15.0‡	NA
Transworld	60	33.4	74.1	625	5.4	29.0
Subaru of America	61	32.5	27.4	271	13.1	39.4
General Host	62	32.0‡	–57.0	572	6.4	9.4
Washington Post	63	31.2	–12.1	381	10.1	9.5
Jim Walter	64	31.1%	13.5%	721	3.3%	1.2%
Super Food Services	65	30.9	12.1	512	7.6	1.8
Yellow Freight System	66	30.5	28.1	232	14.4	10.6
General Dynamics	67	30.3	–8.1	285	12.7	12.1
American Stores	68	30.2	–29.2	175	17.1	–2.5
Holly Corp	69	30.2	80.6	856	–1.0	–14.5
Zayre	70	30.1	–15.4	136	20.4	38.2
Lowe's Cos	71	30.1	–6.0	134	20.5	18.4
Coastal Corp	72	30.1‡‡	–82.9	602	5.7	–0.4
VF	73	30.0	7.1	154	18.1	8.3
Dollar General	74	29.6	–53.3	106	23.3	–0.4
Family Dollar Stores	75	29.5	8.2	128	20.9	19.0
Federal Co	76	29.5	30.2	635	5.3	–0.5
Ryland Group	77	29.3	79.1	166	17.4	40.4
Rose's Stores	78	29.2	32.0	216	14.8	18.0
Toys "R" Us	79	28.9	4.6	78	27.7	14.1
E-Systems	80	28.4	–23.1	213	14.9	16.8
United Artists	81	28.1	–43.6	186	16.5	11.4
Giant Food	82	28.0	15.2	461	8.6	6.7
CoreStates Financial	83	27.9	–34.7	371	10.3	7.4
Signet Banking	84	27.7	19.6	278	13.0	11.8
Wetterau	85	27.6	0.4	159	17.9	19.3
Apple Computer	86	27.5	141.4	7	72.4	–0.9
Humana	87	27.3	–74.4	238	14.2	18.8
Big Bear	88	27.3	–11.0	413	9.5	4.1
Manufacturers Natl	89	27.2	17.6	700	3.9	2.0
Ames Dept Stores	90	26.7	8.6	52	31.8	80.4
Owens-Corning	91	26.3	–64.2	484	8.0	20.0
Bruno's	92	26.2	8.3	198	15.9	13.3
Geico	93	26.0	59.1	352	10.8	19.9
Bairnco	94	25.7	–12.2	46	33.0	10.3
Fidelcor	94	25.7	13.9	230	14.6	17.2
Rubbermaid	96	25.6	20.8	179	16.8	25.1
Hechinger	97	25.4	9.2	104	23.5	19.6
American Family	98	25.1	59.5	171	17.3	40.2
Food Lion	99	25.0	28.6	70	28.5	25.6
Phillips-Van Heusen	100	24.9	41.0	538	7.1	–8.4
Super Rite Foods	101	24.9	–55.7	79	27.4	12.1
Collins Foods Intl	102	24.6	–34.7	234	14.3	17.8
USG	103	24.2	8.5	280	12.9	6.5
Esselte Business Sys	104	24.1	25.2	510	7.6	38.0
First Executive	105	24.0	7.4	64	29.5	15.8
Dun & Bradstreet	106	23.3	17.9	150	18.9	18.0
Loews	106	23.3	1.8	513	7.6	30.4
Teledyne	108	23.3	–41.1	754	2.3	–2.3
United Stationers	109	23.1	–5.9	81	27.2	15.7
Bindley Western Inds	110	22.8	18.0	223	14.6	9.4
Strawbridge	111	22.8	–11.6	289	12.6	8.6
Armstrong World Inds	112	22.6	17.5	646	5.0	13.1
James River Corp Va	113	22.4	–13.6	17	51.3	22.0
Shoney's	114	22.3	18.0	137	20.3	14.5
Unisys	115	22.2	10.4	301	12.1	33.7
Morton Thiokol	116	22.2	–31.6	127	21.2	4.6
New York Times	117	22.1	10.5	253	13.7	13.9
Life Investors	118	22.0	6.7	125	21.9	19.6
Herman Miller	119	21.7	–12.1	196	16.0	5.7
Sherwin-Williams	120	21.5	10.8	335	11.2	2.0
National Medical	121	21.5	–39.1	45	33.3	18.1
Beverly Enterprises	122	21.4	13.7	26	42.0	19.5
Hospital Corp	123	21.2	–29.6	94	24.8	19.7
CNA Financial	124	21.1	34.5	478	8.2	35.6
San Diego G&E	125	21.1	14.6	300	12.2	–2.5
Jamesway	126	21.1	–22.7	214	14.9	11.1

P–D: Profit to deficit. NA: Not available. ‡Four-year growth. ‡‡Three-year growth.

Who's where in growth

	Earnings per share			Sales		
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
First Union	127	21.0%	12.8%	218	14.7%	11.9%
First Wachovia	128	20.9	–2.0	224	14.6	1.3
American Greetings	129	20.7	–6.6	205	15.4	9.5
Ralston Purina	130	20.6	70.5	756	2.2	–6.0
Coachmen Industries	131	20.5‡	–70.3	75	28.0	–10.3
Walgreen	132	20.4	9.2	200	15.8	15.8
Columbia S&L	133	20.2‡‡	28.9	3	119.6	25.0
Deluxe Check	134	20.0	17.2	311	11.9	14.2
Northeast Utilities	135	19.8	–1.4	436	9.1	–1.1
McDonnell Douglas	136	19.8	–18.7	295	12.4	11.6
Clorox	137	19.8	8.5	364	10.5	–0.3
JWT Group	137	19.8	20.6	388	10.0	13.9
Arden Group	139	19.7	–22.3	917	–4.5	–1.9
Dean Foods	140	19.7	6.1	370	10.3	12.6
US Tobacco	141	19.6	14.5	249	13.8	6.8
Lockheed	142	19.4‡‡	11.	268	13.2	8.6
First of America Bank	143	19.4	2.5	151	18.5	8.8
Browning-Ferris Inds	144	19.3	18.4	203	15.5	15.1
Leggett & Platt	144	19.3	18.8	184	16.6	21.6
Kaman	146	19.0	7.0	487	8.0	4.0
ServiceMaster Inds	146	19.0	6.1	146	19.2	15.3
First Boston	148	18.9	11.3	49	32.6	27.0
Dow Jones	149	18.9	33.6	224	14.6	8.3
Marriott	150	18.7	17.1	139	20.0	21.3
State Street Boston	151	18.5	15.4	426	9.3	18.4
Shaw's Supermarkets	152	18.5‡	4.2	279	12.9‡	16.5
Payless Cashways	153	18.5	12.8	55	31.2	11.7
Pfizer	154	18.2	11.8	597	5.9	11.1
Harcourt Brace	155	18.2	35.9	378	10.1	21.3
Third National	156	18.1	12.2	341	11.0	2.2
Ryan Homes	157	17.9	13.6	413	9.5	8.6
Mercantile Stores	158	17.8	21.2	341	11.0	8.8
Abbott Laboratories	159	17.7	18.8	368	10.4	13.6
American Natl Ins	160	17.5	–7.9	690	4.1	5.3
Southwest Gas	161	17.4	–27.0	391	9.9	–19.4
Waste Management	162	17.4	20.5	119	22.1	19.9
Supermarkets General	163	17.4	2.9	248	13.8	4.7
Pulte Home	164	17.2	–12.6	109	23.1	4.1
Perry Drug Stores	165	17.1	–17.4	69	28.8	31.0
Kelly Services	166	17.1	16.1	178	16.8	18.2
Barnett Banks Fla	167	17.1	13.9	62	29.9	12.5
Centex	168	17.0	19.8	497	7.9	6.2
Rockwell Intl	169	16.9	3.0	376	10.2	8.5
RR Donnelley	170	16.9	5.4	275	13.0	7.0
Torchmark	171	16.9	73.9	107	23.3	17.2
Anheuser-Busch Cos	172	16.8	12.9	168	17.4	8.2
Loral	173	16.7	17.3	87	26.2	21.7
Stanadyne	173	16.7	–4.7	703	3.9	5.4
Tandem Computers	175	16.5	75.6	29	40.5	23.0
Sears, Roebuck	176	16.5	7.9	345	11.0	8.4
Carolina Freight	177	16.5	15.1	155	18.1	13.4
Nordstrom	178	16.4	23.6	90	25.5	31.8
Curtice-Burns Foods	179	16.4	–13.2	298	12.3	–6.3
Laclede Gas	179	16.4	14.0	392	9.9	–11.1
Capital Cities/ABC	181	16.3	–13.5	177	16.9	218.0
Stop & Shop Cos	182	16.3	–14.9	274	13.1	12.9
EG&G	183	16.1	–7.1	244	13.9	1.8
Wendy's Intl	183	16.1	–84.2	91	25.4	6.0
Sysco	185	15.9	13.1	170	17.3	21.5
ConAgra	186	15.8	17.2	25	42.1	8.9
Oxford Industries	187	15.7	113.0	175	17.1	–3.5
Philip Morris Cos	188	15.6	29.9	421	9.4	97.8
Flowers Industries	189	15.5	13.3	231	14.5	13.1
Interlake	189	15.5%	–1.3%	915	–4.4%	–5.8%
May Dept Stores	191	15.5‡	7.0	296	12.4‡	7.1
Allied Bancshares	192	15.2	–93.3	72	28.3	–15.1
IBM	192	15.2	0.3	226	14.6	8.6
McDonald's	194	15.2	13.4	346	11.0	13.3
Sealed Power	194	15.2	–16.0	149	19.0	8.9
Commonwealth Energy	196	15.1	1.2	572	6.4	–5.1
Rite Aid	196	15.1	8.2	381	10.1	8.9
McCormick	198	15.1	7.7	457	8.6	12.0
Tandy	199	15.0	2.3	193	16.2	6.5
Sovran Financial	200	15.0	9.5	242	14.0	–3.2
Hewlett-Packard	201	15.0	5.8	183	16.6	9.2
Bergen Brunswig	202	15.0	–15.4	73	28.3	25.9
Rohm & Haas	202	15.0	–2.5	725	3.3	1.7
Hartmarx	204	14.9	–36.5	372	10.3	–3.0
Meredith	205	14.9	–16.1	622	5.4	16.2
Fleet Financial	206	14.7	17.9	252	13.7	20.8
SunTrust Banks	207	14.7	11.2	118	22.6	8.2
Wisconsin Electric	207	14.7	9.1	520	7.5	0.1
Consolidated Papers	209	14.7	–8.8	522	7.4	–8.4
Provident Life & Acc	210	14.6	19.8	334	11.3	17.4
PNC Financial	211	14.4	21.0	332	11.3	8.6
Pitney Bowes	212	14.4	11.9	507	7.6	8.3
KeyCorp	213	14.4	12.3	74	28.1	18.6
Bausch & Lomb	214	14.3	10.1	809	0.6	14.5
Albertson's	215	14.2	16.3	358	10.7	6.0
Avery International	216	14.1	–2.4	397	9.7	15.2
Automatic Data	217	13.9	17.2	168	17.4	17.9
Bristol-Myers	218	13.9	6.6	554	6.9	9.1
Allied Stores	219	13.9	–9.9	283	12.7	5.9
Dayton-Hudson	219	13.9	0.4	172	17.2	9.9
American Bankers	221	13.8	136.9	264	13.3	29.4
Hannaford Bros	221	13.8	18.9	351	10.9	8.2
Ogilvy Group	223	13.7	4.1	257	13.5	15.8
Johnson Controls	224	13.7	–1.9	316	11.6	47.7
Ryder System	225	13.7	21.0	355	10.8	34.1
Banc One	226	13.6	15.1	48	32.6	15.2
Monfort of Colorado	227	13.6‡	76.4	191	16.3	7.8
Ball Corp	228	13.5	15.0	427	9.3	–0.9
National Fuel Gas	229	13.4	–7.9	580	6.3	–6.7
Dana	230	13.4	–33.0	444	8.9	1.2
No States Power	231	13.3	13.3	399	9.7	3.4
Questar	232	13.2	–10.4	347	11.0	–14.7
Southland	233	13.2	4.5	113	22.9	–22.7
Fort Howard Paper	234	13.2	1.7	51	31.8	8.4
JP Morgan	234	13.2	19.5	742	2.7	2.3
Times Mirror	236	13.1	49.5	407	9.6	2.1
Citicorp	237	13.0	–7.2	503	7.7	5.8
New England Electric	237	13.0	–5.6	600	5.8	1.2
Commerce Bcshs	239	13.0	6.2	328	11.4	–2.3
NCNB	240	13.0	7.8	141	19.9	25.5
Fleming Cos	241	12.9	–14.3	142	19.9	11.3
Whirlpool	242	12.9	21.9	425	9.3	16.5
Florida Progress	243	12.9	8.4	454	8.7	22.3
National City	244	12.9	23.4	180	16.7	4.1
United Virginia Bkshs	245	12.9	10.9	245	13.9	17.5
Weis Markets	246	12.8	7.9	472	8.3	8.9
Kentucky Utilities	247	12.8	–1.7	529	7.3	1.4
Equitable Resources	248	12.8	0.0	556	6.8	–9.2
PHH Group	248	12.8	–13.0	162	17.7	14.2
HJ Heinz	250	12.8	12.1	602	5.7	8.0
DeSoto	251	12.7	–56.2	695	3.9	0.8
Alexander's	252	12.7‡‡	–46.9	825	0.3	0.0

‡Four-year growth. ‡‡Three-year growth.

Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Jefferson-Pilot	253	12.6%	–30.2%	686	4.2%	2.6%
American Medical	254	12.6	P–D	53	31.7	10.3
Fuqua Industries	254	12.6‡‡	41.9	941	–6.4	–8.8
Consolidated Edison	256	12.6	–2.3	563	6.6	–4.0
Consol Natural Gas	257	12.4	–5.4	570	6.4	–16.5
Interpublic Group	258	12.3	24.2	362	10.6	16.8
Potomac Electric	259	12.3	15.2	477	8.2	5.0
Southern Calif Edison	260	12.3	2.2	552	6.9	2.1
Citizens & Southern	261	12.3	13.7	260	13.4	16.5
Willamette Inds	262	12.2	–8.3	644	5.0	–1.9
Delmarva Power & Lt	263	12.2	5.1	587	6.2	4.5
Textron	264	12.2	22.6	752	2.3	–14.3
Bank of New York	265	12.1	12.6	617	5.5	10.0
Federal Express	266	12.1	17.7	38	36.3	26.1
Super Valu Stores	267	12.1	–8.1	267	13.2	20.5
Southwestern Pub Svc	268	12.0	1.1	263	13.4	–2.8
Alexander & Baldwin	269	11.8	11.0	689	4.1	2.1
Safeco	270	11.8	93.6	393	9.9	16.7
Squibb	271	11.8	22.1	648	4.9	–5.3
Kellogg	272	11.8	12.9	611	5.6	13.9
Marshall & Ilsley	273	11.7	14.0	281	12.9	18.3
Ametek	274	11.7	0.6	670	4.5	16.5
Melville	275	11.6	16.4	197	16.0	10.6
Sara Lee	275	11.6	12.2	465	8.5	–0.5
Savannah Foods	277	11.6	–15.4	523	7.4	4.4
Rochester G&E	278	11.6	–15.0	472	8.3	–0.7
McGraw-Hill	279	11.6	3.4	476	8.3	5.0
Maryland National	280	11.4	24.3	219	14.7	13.9
Pueblo International	281	11.4	79.3	542	7.1	16.6
Wm Wrigley Jr	282	11.3	21.9	791	1.3	12.3
Day International	283	11.3	16.0	660	4.7	–0.9
Safeway Stores	284	11.1	–28.3	616	5.5	–0.6
Farmers Group	285	11.1	15.3	192	16.3	13.6
Ethyl	286	11.1	54.2	869	–1.8	0.9
First Tennessee Natl	286	11.1	5.3	320	11.5	3.4
Peoples Energy	286	11.1	–3.0	577	6.3	–8.8
Amdahl	289	11.0	–35.3	147	19.2	6.6
American Home Prods	290	10.9	9.1	696	3.9	5.4
Shawmut	291	10.9	1.4	226	14.6	20.6
Wicor	292	10.8	5.3	243	14.0	–4.8
Gap	293	10.8	325.0	348	10.9	31.6
Monarch Capital	294	10.7	68.4	32	38.7	27.5
Baltimore G&E	295	10.7	18.1	534	7.2	4.1
Society	296	10.6	24.6	211	15.1	4.8
Wisconsin Public Svc	296	10.6	0.0	475	8.3	–5.0
Kansas Power & Light	298	10.6	12.5	40	35.8	–9.7
Eli Lilly	299	10.5	10.8	660	4.7	10.4
Gannett	300	10.5	7.1	286	12.6	22.2
Southern Company	300	10.5	–1.6	289	12.6	2.7
NBD Bancorp	302	10.5	19.8	636	5.2	5.1
Prime Computer	303	10.4	–9.6	117	22.7	14.9
Kansas City P&L	304	10.4	–28.6	562	6.6	13.0
Pillsbury	305	10.4	8.0	450	8.8	22.4
Snap-on Tools	306	10.3	6.8	503	7.7	10.5
Wisconsin P&L	307	10.3	–5.4	492	7.9	3.1
RJR Nabisco	308	10.1	–11.2	305	12.0	42.6
Dominion Bankshares	309	10.1	11.8	256	13.6	8.1
Security Pacific	310	10.0	8.6	373	10.3	9.8
Meridian Bancorp	311	9.9	3.0	202	15.5	12.6
Universal Leaf	311	9.9	1.9	818	0.5	13.3
Campbell Soup	313	9.9	12.8	419	9.4	9.8
Rainier Bancorp	314	9.9	5.7	585	6.2	0.7
Midlantic Banks	315	9.9	15.5	123	22.0	18.8
Commonwealth Ed	316	9.9%	3.3%	450	8.8%	7.8%
Masco	317	9.8	30.4	485	8.0	42.2
Bank of New England	318	9.8	17.6	187	16.4	9.4
Boatmen's Bancshares	319	9.7	0.2	111	23.0	16.1
General Electric	320	9.7	3.7	764	2.0	15.0
Delchamps	321	9.7	–22.5	201	15.8	9.2
United Illuminating	322	9.7	0.5	582	6.2	–4.6
Holiday	323	9.6	0.4	744	2.6	–7.8
Knight-Ridder	323	9.6	7.8	400	9.7	7.6
Foodarama Supermkts	325	9.6‡	–5.5	777	1.6	4.0
Turner	325	9.6	–19.9	812	0.6	21.2
NCR	327	9.6	11.6	614	5.5	13.0
Centerior Energy	328	9.5	–11.2	521	7.4	3.7
Tele-Communications	329	9.5	D–P	41	35.5	12.3
Capital Holding	330	9.5	67.6	71	28.4	12.9
BayBanks	331	9.5	16.9	249	13.8	11.4
Borden	332	9.4	14.8	805	0.8	6.0
Worthington Inds	332	9.4	11.5	181	16.7	8.9
PPG Industries	334	9.4	13.8	536	7.1	6.3
Bank of Boston	335	9.4	–1.6	575	6.4	–0.1
Hershey Foods	335	9.4	17.8	460	8.6	5.9
Natl Convenience	337	9.4	–66.0	199	15.8	–6.9
Bemis	338	9.4	12.4	722	3.3	7.2
Household Intl	339	9.3	6.4	954	–7.2	–57.0
Rollins	340	9.3	15.5	753	2.3	8.8
Witco	341	9.3	10.8	669	4.5	–6.5
Burlington Northern	342	9.2	P–D	153	18.2	–15.6
Equifax	343	9.2	40.5	463	8.6	14.4
Pacific G&E	344	9.2	–2.2	437	9.1	–6.1
Brown-Forman	345	9.2	9.3	167	17.4	10.7
Ohio Edison	346	9.2	0.4	403	9.6	2.4
Jostens	347	9.1	9.0	338	11.1	11.6
Coca-Cola	348	9.1	23.1	568	6.5	19.0
Godfrey	349	9.0	92.3	524	7.4	13.1
Washington Gas Light	349	9.0	–6.4	331	11.3	–2.2
Atlanta Gas Light	351	9.0	–8.5	316	11.6	–13.4
National Service	351	9.0	5.3	480	8.2	7.7
First Bank System	353	9.0	18.6	308	11.9	21.3
Waldbaum	354	9.0	–15.2	551	6.9	4.5
Wells Fargo	354	9.0	18.2	702	3.9	7.5
Tribune	356	8.9	162.2	427	9.3	3.8
Kansas City Southern	357	8.9	–98.5	468	8.4	–2.1
FPL Group	358	8.8	–13.4	308	11.9	–1.9
Union Electric	358	8.8	–5.0	474	8.3	16.9
H&R Block	360	8.8	4.8	189	16.3	24.6
Cincinnati Financial	361	8.7	64.9	288	12.6	28.7
Central & South West	362	8.7	4.8	405	9.6	–3.7
Stanley Works	363	8.6	6.6	644	5.0	20.6
Long Island Lighting	364	8.5	–13.5	455	8.7	–2.2
Kraft	365	8.5	–4.8	826	0.3	–7.9
Pentair	366	8.5	–37.6	101	23.9	2.1
Marine Midland Banks	367	8.3	43.4	684	4.2	–7.1
Quaker Oats	368	8.3	21.7	501	7.7	8.2
Niagara Mohawk Power	369	8.3	3.4	453	8.8	–0.9
Houston Industries	370	8.2	–10.4	349	10.9	–9.8
Tecumseh Products	371	8.2	–12.9	737	2.8	–4.7
Petrie Stores	372	8.2	23.4	144	19.7	4.8
PepsiCo	373	8.1	–14.1	632	5.3	12.8
Alltel	374	8.1	8.7	369	10.4	3.7
Longs Drug Stores	375	8.1	–10.4	361	10.6	7.1
Sonoco Products	376	8.0	9.6	299	12.3	13.7
Hubbell	377	8.0	14.3	690	4.1	9.1
Iowa-Illinois G&E	378	7.9	–8.6	435	9.1	–0.6

D–P: Deficit to profit. P–D: Profit to deficit. ‡Four-year growth. ‡‡Three-year growth.

Who's where in growth

Company	Earnings per share			Sales			Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months		rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Pioneer Hi-Bred Intl	379	7.9%	–28.0%	238	14.2%	7.8%	Philadelphia Electric	441	5.2%	10.2%	548	6.9%	4.1%
JC Penney	380	7.9	24.2	694	4.0	7.0	Central Ill Pub Svc	443	5.2	17.6	471	8.4	–8.7
Old Republic Intl	381	7.8	5.0	190	16.3	28.6	AZP Group	444	5.2	–6.2	524	7.4	10.4
Chemical New York	382	7.7	–0.9	696	3.9	–4.9	Crown Cork & Seal	445	5.1	16.6	834	0.2	11.3
Combined Intl	383	7.6	41.6	303	12.0	24.3	Piedmont Aviation	446	5.1	–13.3	85	26.7	21.1
Gerber Products	384	7.6	–22.3	430	9.2	2.3	Seagram	447	5.0	40.1	740	2.8	11.0
Rykoff-Sexton	384	7.6	–42.9	105	23.5	25.4	Goodyear	448	5.0	–26.9	729	3.1	4.0
First Fidelity Bncp	386	7.6	12.4	65	29.4	13.2	Orange & Rockland	448	5.0	8.5	526	7.4	–5.3
Federal-Mogul	387	7.5	0.9	692	4.0	3.6	United Banks of Colo	450	4.9	–24.9	423	9.3	1.3
Integrated Resources	388	7.5	–76.1	22	47.9	26.2	G Heileman Brewing	451	4.9	10.4	321	11.5	–0.2
Jefferson Smurfit	389	7.5	8.0	262	13.4	41.3	Louisville G&E	452	4.9	–6.7	412	9.5	–1.6
Morrison	390	7.5	–34.4	325	11.4	11.5	Riggs National	453	4.8	10.3	479	8.2	–5.9
Hillenbrand Inds	391	7.5	24.5	417	9.4	20.7	Media General	454	4.8	1.9	292	12.6	8.5
Westinghouse	392	7.4	25.7	688	4.1	6.9	General Mills	455	4.7‡	59.2	642	5.0‡	8.7
Contel	393	7.4	–2.9	222	14.6	27.0	Dover	456	4.7	–4.2	379	10.1	–1.7
Norstar Bancorp	394	7.4	12.6	36	37.3	10.0	Southwest Airlines	456	4.7	–17.1	86	26.2	18.8
AmeriTrust	395	7.3	4.9	730	3.1	12.7	Ipalco Enterprises	458	4.7	4.3	463	8.1	6.8
Public Svc Enterprise	396	7.2	7.4	515	7.5	4.8	Iowa Resources	459	4.6	35.4	596	5.9	–28.7
Emerson Electric	397	7.2	3.5	493	7.9	6.5	Valley National	460	4.6	–13.0	387	10.1	3.0
Culbro	398	7.2	161.3	93	24.8	–3.8	TECO Energy	461	4.6	–0.6	408	9.6	4.7
Portland General	398	7.2	22.5	403	9.6	–0.5	Lincoln National	462	4.6	13.3	275	13.0	19.8
PacifiCorp	400	7.1	–13.5	237	14.2	3.4	Duquesne Light	463	4.4	–7.3	641	5.0	–0.9
Carolina Power & Lt	401	7.1	0.0	308	11.9	5.3	Hartford National	463	4.4	8.0	82	27.0	19.0
Ruddick	402	7.1	7.7	281	12.9	0.2	Roadway Services	465	4.4	–10.9	532	7.2	11.7
Continental Bancorp	403	7.0	11.2	208	15.2	5.6	Atlantic City Electric	466	4.3	24.4	439	9.0	–1.2
Johnson & Johnson	403	7.0	–38.5	631	5.3	9.5	US Shoe	467	4.2	–31.7	210	15.2	6.8
Skyline	405	7.0	17.5	735	2.9	–2.8	Lear Siegler	468	3.9	–35.6	397	9.7	7.1
Scott Paper	406	7.0	15.1	499	7.8	10.3	Emhart	469	3.8	P–D	838	0.0	14.7
WW Grainger	407	7.0	18.9	546	7.0	3.1	Nortek	470	3.8	1.1	66	29.4	69.4
Merck	408	6.9	25.3	601	5.8	10.9	Pittway	470	3.8	3.7	364	10.5	10.2
Huntington Bcshs	409	6.9	8.8	152	18.5	12.3	American Express	472	3.7	77.1	37	37.1	10.2
Scana	409	6.9	3.9	289	12.6	–2.4	Jerrico	473	3.7	18.2	389	10.0	8.4
Genuine Parts	411	6.8	0.0	363	10.6	3.3	Penn Traffic	474	3.7	51.3	610	5.6	–3.0
Illinois Power	412	6.6	12.6	540	7.1	–0.6	Smithfield Foods	475	3.6	66.0	57	31.1	25.7
Universal Foods	413	6.6	–15.0	703	3.9	22.8	Figgie International	476	3.6	37.0	835	0.1	15.2
Allegheny Power	414	6.5	19.4	530	7.3	–4.2	Federated Dept Stores	477	3.5	–15.0	385	10.1	2.8
CILCorp	415	6.4	30.4	611	5.6	3.0	Entex	478	3.5	P–D	[illegible]	4.6	–19.1
Cincinnati G&E	415	6.4	24.5	470	8.4	0.5	Boeing	479	3.5	26.7	564	6.5	22.6
Hawaiian Electric	417	6.4	11.6	621	5.5	–12.5	American General	480	3.4	45.4	110	23.1	3.7
Central Hudson G&E	418	6.3	8.8	486	8.0	–6.9	First Interstate Bncp	481	3.3	9.0	494	7.9	2.5
Bankers Trust NY	419	6.3	14.5	725	3.3	1.7	American President	482	3.3‡‡	–93.9	229	14.6	26.5
SmithKline Beckman	420	6.3	1.6	284	12.7	15.0	Amoco	483	3.3	–50.6	848	–0.5	–21.8
Winn-Dixie Stores	421	6.2	3.4	546	7.0	5.7	Leaseway Transport	484	3.2	147.1	402	9.6	–2.1
Business Men's Assur	422	6.2	P–D	410	9.5	1.7	Scotty's	484	3.2	–31.7	270	13.2	8.7
Carson Pirie Scott	423	6.1	–37.0	181	16.7	5.6	Mellon Bank	486	3.1	3.7	251	13.8	5.4
Texas Utilities	423	6.1	0.2	259	13.5	–4.1	Nash Finch	487	3.0	13.1	605	5.7	9.7
K mart	425	6.1	–27.4	423	9.3	4.9	First Wisconsin	488	3.0	19.2	758	2.2	9.4
Kimberly-Clark	426	6.1	–3.1	443	9.0	7.6	George A Hormel	488	3.0	14.9	766	1.9	24.7
Boston Edison	427	6.1	3.5	566	6.5	–7.4	Irving Bank	490	2.9	16.4	809	0.6	–5.8
Borg-Warner	428	6.0	26.9	561	6.7	–8.9	Quaker State Oil	491	2.9	66.4	755	2.3	–2.5
Brooklyn Union Gas	428	6.0	–31.9	339	11.0	–2.1	Tyco Laboratories	492	2.8	31.2	174	17.1	40.4
Comerica	430	6.0	0.7	254	13.7	–8.5	Cooper Tire & Rubber	493	2.8	8.6	366	10.5	7.2
Oklahoma G&E	431	6.0	13.5	468	8.4	1.6	Revco DS	494	2.8	81.3	165	17.6	12.8
Dominion Resources	432	5.9	6.7	614	5.5	7.2	Computer Sciences	495	2.7	–13.0	584	6.2	19.5
Nucor	433	5.9	3.4	449	8.8	4.8	Mercantile Bancorp	495	2.7	10.9	657	4.7	7.2
So New England Tel	434	5.7	11.7	432	9.2	3.4	Manufacturers Hanover	497	2.7	6.1	511	7.6	–5.7
Detroit Edison	435	5.6	12.7	465	8.5	5.4	Central Steel & Wire	498	2.6	–27.2	786	1.4	–4.2
Gillette	436	5.6	10.6	832	0.3	15.9	Morrison-Knudsen	499	2.5	–7.3	749	2.4	4.6
Consol Freightways	437	5.5	12.2	598	5.8	11.1	Moore Corp	500	2.5	–5.7	745	2.6	8.4
Cullum Cos	438	5.4	0.0	557	6.7	–6.7	Air Prods & Chems	501	2.4	–96.6	657	4.7	8.3
Duke Power	439	5.3	5.3	316	11.6	14.5	Procter & Gamble	501	2.4	9.4	665	4.6	18.4
NY State E&G	440	5.3	8.7	246	13.9	3.3	American Electric	503	2.3	0.8	632	5.3	–0.7
Centel	441	5.2	4.4	447	8.8	–1.3	Chase Manhattan	504	2.2	11.0	779	1.6	–1.1

P–D: Profit to deficit. ‡Four-year growth. ‡‡Three-year growth.

		Earnings per share			Sales	
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Upjohn	504	2.2%	26.7%	717	3.4%	9.3%
Republic New York	506	2.1	26.3	549	6.9	13.8
North Amer Philips	507	2.0	–50.9	329	11.4	4.3
Westvaco	508	1.9	2.7	687	4.1	5.2
Digital Equipment	509	1.9	80.6	123	22.0	17.8
Intl Flavors & Frags	510	1.9	21.2	761	2.2	23.8
American Intl Group	511	1.9	76.6	216	14.8	58.1
Guy F Atkinson	511	1.9	NA	897	–3.0	–5.4
USAir Group	511	1.9	–22.4	277	13.0	2.7
Paccar	514	1.8	–44.7	672	4.5	–8.2
Springs Industries	515	1.8	52.6	705	3.8	65.6
Dexter	516	1.7	9.7	681	4.2	1.4
MCA	517	1.7	52.8	438	9.1	22.7
Raytheon	518	1.6	14.1	674	4.4	11.4
AMP	519	1.5	10.3	429	9.2	12.0
Hercules	520	1.4	33.2	832	0.3	1.7
RepublicBank	521	1.4	–47.7	410	9.5	–7.9
IC Industries	522	1.3	P–D	800	0.8	–3.6
Owens-Illinois	523	1.3	19.5	874	–2.0	–0.9
US Bancorp	524	1.3	15.7	514	7.6	1.7
American Brands	525	1.3	–11.4	747	2.5	24.5
Tracor	526	1.2	–86.8	293	12.5	10.3
Middle South Utils	527	1.2	–27.5	595	5.9	9.4
Montana Power	528	1.2	111.0	659	4.7	15.3
Hilton Hotels	529	1.2	–13.2	683	4.2	3.9
Southeast Banking	530	1.1	41.0	332	11.3	0.9
Gulf States Utilities	531	1.1	–12.5	315	11.7	–15.6
Public Service Colo	532	0.9	–31.5	447	8.8	–3.0
M/A-Com	533	0.9	–68.5	148	19.1	–31.6
Minn Mining & Mfg	534	0.9	9.0	626	5.4	8.9
First Chicago	535	0.9	61.9	715	3.5	–9.2
Exxon	536	0.9	33.6	909	–4.1	–12.8
Tektronix	537	0.8	–32.3	498	7.8	–5.5
Nalco Chemical	538	0.7	–9.2	783	1.5	10.2
Santa Fe Southern	539	0.6	–37.6	785	1.5	–10.2
Parker-Hannifin	540	0.6	1.5	574	6.4	21.8
Becton Dickinson	541	0.5	24.8	723	3.3	14.7
Public Service NH	542	0.5	–8.8	508	7.6	0.6
Vulcan Materials	543	0.2	17.0	591	6.1	–3.7
Northwestern Natl Life	544	0.2	170.5	13	62.6	–9.6
EI du Pont	545	0.2	72.3	219	14.7	–18.1
Rorer Group	546	0.1	218.1	651	4.9	22.9
Litton Industries	547	0.0	–65.3	823	0.4	–1.5
Harsco	548	0.0	–21.9	780	1.6	–11.0
Pennsylvania P&L	549	–0.2	1.8	204	15.4	18.4
Brown Group	550	–0.2	51.0	710	3.6	–4.1
MCorp	551	–0.2	P–D	68	29.0	–0.7
Sterling Drug	552	–0.6	–15.5	804	0.8	6.7
Marsh & McLennan	553	–0.8	49.1	266	13.3	33.7
No Indiana Pub Svc	554	–0.8	P–D	517	7.5	–7.8
Lucky Stores	555	–0.9	–44.1	494	7.9	–24.9
Salomon	555	–0.9	91.9	698	3.9	–5.9
Perkin-Elmer	557	–0.9	–13.6	677	4.3	–0.4
Kroger	558	–1.2	–50.1	323	11.5	1.5
Utah Power & Light	559	–1.5	13.0	313	11.8	–3.2
Transco Energy	560	–1.5	P–D	628	5.4	8.1
Honeywell	561	–1.7	20.4	609	5.6	9.1
Tyler	561	–1.7	–38.9	434	9.2	3.1
Schering-Plough	563	–1.7	13.6	773	1.8	21.2
Emery Air Freight	564	–1.7	P–D	353	10.8	1.1
American Cyanamid	565	–1.8	–0.3	797	0.9	3.7
Adolph Coors	566	–1.8	34.4	500	7.8	5.4
Carlisle Cos	567	–2.0	–41.5	593	6.0	–9.5

		Earnings per share			Sales	
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
NIKE	568	–2.0%	85.7%	77	27.9%	0.9%
Alco Standard	569	–2.1	15.1	357	10.7	13.1
Norfolk Southern	570	–2.1	1.2	758	2.2	12.8
FMC	571	–2.2	236.1	858	–1.0	–5.3
Puget Sound P&L	572	–2.2	–10.3	207	15.3	7.8
Univar	572	–2.2‡	–15.7	692	4.0‡	–2.0
Insilco	574	–2.3	–10.6	653	4.8	–8.6
Illinois Tool Works	575	–2.3	–29.3	462	8.6	20.7
Travelers	576	–2.3	48.2	359	10.7	6.6
Equitable of Iowa	577	–2.4	79.8	774	1.7	–3.5
Square D	578	–2.4	–2.6	579	6.3	1.2
Enron	579	–2.5	–82.2	80	27.3	–16.3
Public Service NM	580	–2.6	8.9	164	17.7	3.0
Pacific Lighting	581	–2.6	–39.6	403	9.6	7.3
Union Pacific	582	–2.7	P–D	385	10.1	–8.7
Mapco	583	–3.0	–3.9	815	0.6	–10.4
McKesson	584	–3.0	10.1	536	7.1	25.2
Greyhound	585	–3.2	4.5	993	–16.0	2.9
Briggs & Stratton	586	–3.2	2.8	784	1.5	5.5
Std Commercial Tob	587	–3.2	35.9	768	1.9	19.7
Ponderosa	588	–3.5	500.0+	440	9.0	4.3
Armstrong Rubber	589	–3.6‡	P–D	325	11.4	4.2
Bowater	590	–4.0	–40.1	709	3.6	–0.1
Shaklee	591	–4.0	352.5	828	0.3	–2.0
Varian Associates	592	–4.1‡‡	P–D	367	10.4	–8.4
Ceco Industries	593	–4.1	–4.7	526	7.4	11.0
Chesebrough-Pond's	594	–4.1	9.7	302	12.1	21.3
Corning Glass Works	595	–4.3	70.1	762	2.1	7.1
Potlatch	596	–4.4	51.0	714	3.5	0.2
Blount	597	–4.6	–71.1	396	9.8	21.2
Avnet	598	–4.7	–38.2	654	4.8	0.0
Diversified Energies	599	–4.7‡	P–D	329	11.4‡	–2.4
Marsh Supermarkets	600	–4.8	35.1	531	7.2	21.6
California First Bank	601	–4.8	15.1	588	6.2	2.5
West Point-Pepperell	602	–4.8	48.7	820	0.4	50.6
Liquid Air	603	–5.0	2.5	605	5.7	6.2
United Technologies	604	–5.1	71.0	662	4.7	2.0
Archer-Daniels	605	–5.5	37.7	339	11.0	9.6
Intl Multifoods	606	–5.6	–15.1	713	3.5	12.8
Boise Cascade	607	–5.8	57.9	622	5.4	–1.0
Zurn Industries	608	–5.9	–5.6	851	–0.7	–1.7
PaineWebber Group	609	–5.9‡	84.6	188	16.3	26.5
Sundstrand	610	–6.0	9.2	671	4.5	15.9
Carter Hawley Hale	611	–6.1	4.0	440	9.0	2.2
Kidde	612	–6.2	–68.7	920	–4.7	–2.5
Raychem	613	–6.5	51.8	518	7.5	18.4
Centerre Bancorp	614	–6.7	12.6	792	1.3	–2.4
GenCorp	615	–6.7	159.9	559	6.7	5.4
Bearings	616	–6.8	–80.5	494	7.9	–1.4
Edison Bros Stores	616	–6.8	59.3	707	3.7	10.2
Anixter Bros	618	–5.8	27.1	296	12.4	0.8
Arkla	619	–6.9	22.2	830	0.3	–8.0
Interco	619	–6.9	52.3	801	0.8	–1.2
Union Camp	621	–6.9	–5.2	677	4.3	4.7
Northern Trust	622	–7.1	83.2	793	1.1	3.3
Phillips Petroleum	623	–7.2	6.0	771	1.8	–28.1
Texas American Bcshs	624	–7.4	P–D	273	13.1	–6.3
CPC International	625	–7.4	35.8	827	0.3	4.9
Georgia-Pacific	626	–7.5	500.0+	559	6.7	2.0
Church's Fried	627	–7.6	–76.5	506	7.7	–13.6
Unocal	628	–8.0	–93.1	795	1.0	–22.3
Oneok	629	–8.1	–11.4	719	3.4	–29.8
Weyerhaeuser	630	–8.2	56.2	677	4.3	1.2

P–D: Profit to deficit. NA: Not available. ‡Four-year growth. ‡‡Three-year growth.

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Who's where in growth

	Earnings per share			Sales			
Company	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months	Company
Service Merchandise	631	-8.2%	P-D	120	22.1%	13.4%	Mitchell Energy
Texas Commerce Bshs	632	-8.5	-90.4%	312	11.8	-14.4	ITT
Sun Company	633	-8.8	202.3	816	0.5	-16.5	Eastman Kodak
Harris Corp	634	-8.8	-7.7	377	10.1	-8.7	Williams Cos
Rexnord	635	-8.8	-17.5	873	-1.9	3.5	McDermott Intl
Kemper	636	-8.9	135.7	321	11.5	13.5	Brockway Inc (NY)
Big V Supermarkets	637	-9.0	7.3	578	6.3	2.0	Earle M Jorgensen
Engelhard	638	-9.1	1.1	902	-3.5	1.4	Moore McCormack
Chevron	639	-9.2	1.5	843	-0.2	-28.3	Handy & Harman
Intl Minerals & Chem	640	-9.2	P-D	905	-3.7	-17.3	Texaco
Norwest	641	-9.3	-3.0	324	11.5	-6.6	Texas Eastern
DPL	642	-9.4	-33.8	452	8.8	-2.3	Occidental Petroleum
Polaroid	643	-9.6	327.9	892	-2.6	24.2	Sun Chemical
Transamerica	644	-9.6	50.0	590	6.1	-8.2	Standard Oil
Freeport-McMoRan	645	-9.8	-83.8	750	2.4	-15.4	International Paper
Gt Northern Nekoosa	646	-10.0	-4.3	528	7.4	3.4	CBS
Data General	647	-10.2	-77.2	241	14.0	2.4	First City Bancorp
Chubb	648	-10.2	27.4	269	13.2	20‡4	Burlington Inds
Seaway Food Town	649	-10.2	-51.3	710	3.6	-1.7	Aetna Life & Cas
Commercial Metals	650	-10.3	49.5	919	-4.7	-13.1	Tenneco
Fieldcrest Cannon	651	-10.4	213.5	745	2.6	64.8	American Standard
Lubrizol	652	-10.5	24.7	852	-0.7	-7.5	Joy Manufacturing
Motorola	653	-10.6	8.5	255	13.6	4.3	Wyman-Gordon
General Re	654	-10.6	394.2	286	12.6	40.1	Louisiana Land
Merrill Lynch	655	-11.0	64.1	173	17.2	34.2	Dow Chemical
Dynalectron	656	-11.8	-73.0	458	8.6	10.4	United Telecom
Walt Disney	657	-12.1	41.1	163	17.7	22.6	Deere
Carpenter Technology	658	-12.4	-29.9	863	-1.3	-2.9	Central Maine Power
Murphy Oil	659	-12.4	-62.8	829	0.3	-27.5	Halliburton
National Distillers	660	-12.4	59.9	654	4.8	6.1	Intel
Panhandle Eastern	660	-12.4	P-D	763	2.1	-16.2	Best Products
DeKalb	662	-12.6	P-D	817	0.5	-25.9	Staley Continental
Champion Spark Plug	663	-12.6	P-D	819	0.4	2.5	ADT
KN Energy	664	-12.6	-86.8	727	3.2	-21.4	Advanced Micro
General Signal	665	-12.7	-67.0	738	2.8	-7.1	HF Ahmanson
Washington National	666	-12.9	148.5	890	-2.4	-19.0	Alcan Aluminium
Farm House Foods	667	-13.0	-35.3	986	-12.3	11.3	Alexander & Alexander
Wang Laboratories	667	-13.0	D-P	42	34.7	13.6	Allegheny Beverage
Stewart-Warner	669	-13.2	-27.9	910	-4.2	-1.5	Allegheny International
Ohio Casualty	670	-13.3	96.2	593	6.0	22.8	Allen Group
DWG	671	-13.4	D-D	56	31.2	3.4	Allied-Signal
Baxter Travenol Labs	672	-13.8	500.0+	383	10.1	150.3	Allied Supermarkets
Ferro	673	-13.9	24.7	863	-1.3	8.2	Allis-Chalmers
Colgate-Palmolive	674	-14.2	179.0	889	-2.4	6.6	Alcoa
Gordon Jewelry	675	-14.3	72.2	771	1.8	-2.5	AM International
Kerr-McGee	676	-14.9	P-D	865	-1.5	-14.8	AMAX
Xerox	677	-15.1	69.9	795	1.0	5.1	Amerada Hess
Hanover Insurance	678	-15.3	170.9	336	11.2	27.3	American Bakeries
Schlumberger	679	-15.4	P-D	720	3.3	-10.7	American Can
Dennison Mfg	680	-15.5	-54.6	583	6.2	4.1	American Hoist
Cooper Industries	681	-15.7	21.2	706	3.7	32.9	American Maize
Federal Paper Board	682	-15.9	41.8	409	9.6	25.2	American Motors
Foster Wheeler	683	-16.2	-27.1	928	-5.3	2.6	American Petrofina
First Security	684	-16.3	13.3	533	7.2	-0.2	Amfac
RLC	685	-16.6	121.2	699	3.9	9.7	Ampco-Pittsburgh
WR Grace	686	-16.8	-7.6	875	-2.0	-24.1	AMR
Mobil	687	-16.9	81.4	887	-2.3	-11.1	Anchor Hocking
Whittaker	688	-17.3	P-D	914	-4.4	-50.8	Arkansas Best
EF Hutton Group	689	-17.4	-75.3	103	23.5	9.2	Armco
Texas Industries	690	-17.6	-50.4	651	4.9	55.0	Arrow Electronics
Public Service Ind	691	-17.7	120.0	465	8.5	19.8	Asarco
Pennzoil	692	-18.2	P-D	891	-2.5	-15.3	Ashland Oil
Continental Corp	693	-18.8	292.2	446	8.9	17.9	Athlone Industries

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NM: Not meaningful.
‡Four-year growth.

Earnings per share rank	Earnings per share 5-year average	Earnings per share latest 12 months	Sales rank	Sales 5-year average	Sales latest 12 months
693	–18.8%	34.7%	**788**	1.4%	–14.2%
695	–19.2	–20.1	**968**	–9.2	8.4
696	–19.4	–85.0	**790**	1.3	7.3
697	–19.5	P–D	**307**	11.9	–20.2
698	–19.5	D–P	**927**	–5.3	1.0
699	–19.7	72.1	**503**	7.7	4.3
700	–19.8	–39.7	**934**	–5.8	–3.3
701	–21.7	P–D	**913**	–4.3	–29.8
702	–22.1	P–D	**906**	–3.9	–3.9
703	–22.4	178.2	**903**	–3.5	–30.8
704	–22.8	P–D	**581**	6.2	–20.5
705	–23.3	–79.0	**738**	2.8	1.3
706	–23.7	25.3	**306**	12.0	–41.1
707	–24.0	P–D	**803**	0.8	–15.4
708	–24.1	D–P	**871**	–1.8	4.3
709	–24.7	500.0+	**675**	4.3	2.1
710	–26.5	P–D	**432**	9.2	–16.2
711	–26.6	356.8	**849**	–0.6	–0.9
712	–28.0	153.0	**589**	6.1	14.5
713	–28.5	P–D	**775**	1.7	0.0
714	–29.8	–10.4	**708**	3.6	–7.3
715	–30.2	P–D	**955**	–7.6	–13.4
716	–30.7	P–D	**962**	–8.5	–13.0
717	–30.8	P–D	**789**	1.4	–23.8
718	–32.3	–41.1	**798**	0.9	1.2
719	–32.9	–99.6	**389**	10.0	0.1
720	–33.1	P–D	**939**	–6.3	–7.3
721	–34.3	500.0+	**360**	10.7	–1.4
722	–37.2	P–D	**971**	–9.7	–21.1
723	–39.0	P–D	**226**	14.6	–16.1
724	–40.8	P–D	**138**	20.1	–1.8
725	–44.7	363.2	**488**	8.0	10.4
	NM	P–D	**634**	5.3	–5.6
	NM	P–D	**115**	22.8	–15.2
	NM	63.5	**161**	17.8	4.4
	NM	D–D	**748**	2.5	7.2
	NM	D–P	**480**	8.2‡	16.8
	NM	P–D	**35**	37.4	49.2
	NM	D–D	**293**	12.5	–9.7
	NM	–32.9	**767**	1.9	14.4
	NM	P–D	**247**	13.8	12.9
	NM	D–P	**896**	–2.9	–19.6
	NM	D–D	**992**	–15.1	–15.9
	NM	P–D	**778**	1.6	–11.5
	NM	P–D	**942**	–6.5	12.6
	NM	D–D	**959**	–8.3	–32.7
	NM	P–D	**866**	–1.5	–33.9
	NM	16.7	**893**	–2.7	–1.4
	NM	63.6	**899**	–3.3	9.6
	NM	D–D	**976**	–10.7	–2.3
	NM	36.4	**799**	0.8	1.7
	NM	D–D	**314**	11.8	–8.1
	NM	P–D	**824**	0.4	–5.9
	NM	D–D	**676**	4.3	–3.4
	NM	P–D	**850**	–0.7	0.3
	NM	–27.4	**395**	9.8	0.2
	NM	D–D	**931**	–5.6	2.5
	NM	38.5	**337**	11.2	16.5
	NM	D–D	**973**	–9.8	–28.9
	NM	D–D	**236**	14.2	–10.5
	NM	D–D	**951**	–6.9	–2.6
	NM	49.3	**868**	–1.7	–11.4
	NM	D–D	**923**	–4.9	–14.0

McDonald's created fast food...
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THE Vanguard GROUP OF INVESTMENT COMPANIES

Who's where in growth

Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Atlantic Richfield		NM	D–P	894	–2.7%	–27.6%
Avon Products		NM	P–D	794	1.0	–5.4
Baker International		NM	P–D	809	0.6	–18.2
Bally Manufacturing		NM	D–P	265	13.3	14.0
BankAmerica		NM	D–D	808	0.7	–8.8
Barnes Group		NM	74.0%	814	0.6	1.7
Becor Western		NM	20.0	939	–6.3	–1.9
Bell & Howell		NM	5.0	733	2.9	10.0
Beneficial Corp		NM	P–D	936	–5.9	0.0
Bethlehem Steel		NM	D–D	944	–6.5	–8.5
Black & Decker		NM	P–D	723	3.3	2.7
Borman's		NM	272.1	831	0.3	1.7
Butler Manufacturing		NM	51.0	741	2.7	15.0
Cabot		NM	D–P	807	0.7	–6.9
Caesars World		NM	27.1	680	4.2	5.1
Cameron Iron Works		NM	P–D	963	–8.7	4.5
Castle & Cook		NM	200.0		NA	3.7
Caterpillar		NM	D–P	946	–6.6	11.8
CBI Industries		NM	D–P	356	10.7	28.0
Celanese		NM	43.4	883	–2.2	–5.4
CenTrust Savings		NM	P–D	95	24.7	18.8
CertainTeed		NM	4.2	553	6.9	–1.3
Champion Intl		NM	D–P	440	9.0	–27.8
Charter		NM	D–D	994	–16.2	–54.8
Chicago Pneumatic		NM	P–D	904	–3.6	–28.6
Chromalloy American		NM	D–P	970	–9.6	–5.2
Cigna		NM	P–D	375	10.2	4.4
Cincinnati Milacron		NM	D–P	926	–5.3	18.0
Circle K		NM	–0.6	116	22.8	22.6
Clark Equipment		NM	D–D	961	–8.4	–6.0
CNW		NM	D–P	862	–1.3	8.1
Coleco Industries		NM	D–P	24	42.5	–33.1
Colt Industries		NM	–20.4	935	–5.8	–13.4
Columbia Gas System		NM	D–P	769	1.9	–10.9
Combustion Eng		NM	D–P	937	–5.9	–4.5
Commercial Credit		NM	–69.4	619	5.5‡	–13.7
Computervision		NM	D–D	158	17.9	–2.5
Consumers Power		NM	D–D	539	7.1	–2.9
Continental Illinois		NM	–80.7	979	–11.3	–13.1
Control Data		NM	D–D	592	6.1	–7.8
Copperweld		NM	D–D	949	–6.9	–31.3
Costco Wholesale		NM	D–P		NA	105.6
Crane		NM	–21.1	978	–11.2	16.7
Crown Central Pet		NM	P–D	743	2.6	–14.8
CSX		NM	P–D	379	10.1	–11.5
Cyclops		NM	–10.3	516	7.5	4.5
Cyprus Minerals		NM	D–D	490	7.9	31.7
Datapoint		NM	D–D	569	6.5	–14.5
Delta Air Lines		NM	–69.3	464	8.5	–5.5
Di Giorgio		NM	500.0+	662	4.7	2.6
Diamond Shamrock		NM	D–D	535	7.1	–26.8
Dorsey		NM	27.2	765	2.0	–1.0
Dravo		NM	D–P	964	–8.7	4.1
Dresser Industries		NM	P–D	878	–2.0	–5.1
Eagle-Picher Inds		NM	P–D	732	2.9	0.9
Eastern Air Lines		NM	P–D	570	6.4	–5.9
Eastern Gas & Fuel		NM	D–P	650	4.9	–6.5
Eaton		NM	–39.2	728	3.2	4.0
Economics Laboratory		NM	10.7	640	5.1	10.0
Enserch		NM	P–D	710	3.6	–13.4
Evans Products		NM	D–D	875	–2.0	–10.1
Fairchild Industries		NM	D–P	918	–4.7	8.7
Fedl Natl Mortgage		NM	D–P	215	14.8	6.1

Company	Earnings per share			Sales		
	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Finl Corp of America		NM	D–P	6	87.1%	2.8%
Fireman's Fund		NM	D–P	648	4.9	7.0
Firestone		NM	–85.2%	908	–4.0	–4.8
First City Inds		NM	D–D	27	41.9	7.4
First Pennsylvania		NM	D–D	938	–6.1	–4.4
Fischbach		NM	D–D	806	0.7	30.9
Fisher Foods		NM	P–D	997	–21.6	20.8
Florida Federal S&L		NM	D–D	126	21.8	–5.4
Fluor		NM	D–D	931	–5.6	16.0
Ford Motor		NM	32.4	459	8.6	16.2
LB Foster		NM	P–D	950	–6.9	37.0
Foxboro		NM	P–D	841	–0.1	4.1
Fruehauf		NM	–54.7	607	5.6	1.4
GAF		NM	31.0	758	2.2	3.0
Gates Learjet		NM	D–D	960	–8.4	–17.3
GATX		NM	D–P	957	–8.0	–24.3
Gearhart Industries		NM	P–D	133	20.6	–21.9
Gelco		NM	P–D	544	7.0	–26.8
General Instrument		NM	D–D	845	–0.4	–10.7
General Refractories		NM	321.7	958	–8.0	20.4
Genesco		NM	D–D	907	–3.9	–5.0
Getty Petroleum		NM	500.0+	121	22.1	77.1
Gibraltar Financial		NM	25.9	132	20.6	9.3
GlenFed		NM	76.7	102	23.8	18.8
Global Marine		NM	D–D	418	9.4	–36.7
Golden West Finl		NM	33.9	122	22.0	4.4
BF Goodrich		NM	D–D	786	1.4	–13.0
Gould		NM	D–D	967	–8.9	–21.5
Gt Western Financial		NM	71.4	61	30.0	10.0
GTE		NM	P–D	416	9.4	–0.1
Gulf & Western		NM	2.7	990	–13.8	11.7
Harnischfeger Inds		NM	P–D	966	–8.8	42.5
Heck's		NM	D–D	736	2.9	15.8
Home Federal S&L		NM	71.0	143	19.7	0.9
Home Group		NM	D–P	854	–0.9	7.1
Hughes Tool		NM	P–D	901	–3.4	–29.7
Ideal Basic Inds		NM	D–D	956	–7.7	–18.7
Imperial Corp of Am		NM	436.0	156	18.0	1.3
Inco		NM	P–D	983	–11.8	–2.8
Ingersoll-Rand		NM	20.5	921	–4.8	6.9
Inland Steel Inds		NM	D–D	875	–2.0	0.4
Inspiration Resources		NM	D–D	611	5.6	0.3
InterFirst		NM	P–D	508	7.6	–15.7
Intermark		NM	D–D	60	30.3	2.0
Interstate Bakeries		NM	215.3	750	2.4	0.3
IU International		NM	D–D	867	–1.7	–36.6
Kaiser Alum & Chem		NM	D–D	945	–6.5	–8.6
Kaufman & Broad		NM	10.7	325	11.4	33.6
Kenner Parker Toys		NM	NA	813	0.6	NA
Kerr Glass Mfg		NM	D–D	987	–12.4	0.4
Koppers		NM	D–D	929	–5.4	–22.8
Lafarge		NM	500.0+	482	8.2	2.5
Lone Star Industries		NM	–69.8	821	0.4	–5.5
Lorimar-Telepicture		NM	P–D	47	32.9	35.9
Louisiana-Pacific		NM	160.7	731	3.0	16.6
LTV		NM	D–D	667	4.5	–5.6
Lukens		NM	–36.2	782	1.6	–6.8
Mack Trucks		NM	D–D	545	7.0	–20.2
Manhattan Industries		NM	D–P	431	9.2	–21.7
Manpower		NM	P–D	628	5.4	17.5
Manville		NM	D–P	911	–4.3	2.1
Martin Marietta		NM	–10.3	401	9.7	8.6
Mattel		NM	–69.4	885	–2.3	–4.1

D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. NA: Not available. NM: Not meaningful.

Who's where in growth

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
McLean Industries		NM	P–D	206	15.3%	12.6%
Mead		NM	–14.6%	853	–0.7	7.2
Michigan National		NM	45.8	619	5.5	–0.2
Mohasco		NM	–18.3	775	1.7	0.7
Monsanto		NM	–87.5	836	0.0	7.8
Morse Shoe		NM	12.8	643	5.0	6.7
Nashua		NM	46.8	880	–2.1	14.7
National Intergroup		NM	D–D	975	–10.7	312.1
Natl Semiconductor		NM	D–D	272	13.1	–6.6
National-Standard		NM	84.6	911	–4.3	–0.1
Navistar Intl		NM	D–D	982	–11.5	–4.3
Newmont Mining		NM	90.9	922	–4.8	11.6
Nicor		NM	D–D	682	4.2	–17.9
NL Industries		NM	D–D	980	–11.4	–42.4
Northwestern Steel		NM	D–P	991	–14.8	36.5
Norton		NM	P–D	882	–2.1	–4.2
NVF		NM	D–D	550	6.9	–10.9
Ogden		NM	P–D	981	–11.4	–30.6
Olin		NM	D–P	844	–0.3	–9.0
Orion Capital		NM	D–D	261	13.4	17.5
Pacific Resources		NM	65.6	304	12.0	–34.9
Pan Am		NM	D–P	884	–2.3	–9.2
Penn Central		NM	–16.1	821	0.4	–5.1
Pennwalt		NM	D–P	888	–2.3	7.2
People Express		NM	D–D	5	93.3‡‡	46.1
Perini		NM	D–P	837	0.0	–4.8
Phelps Dodge		NM	D–P	974	–10.2	–2.8
Pittston		NM	D–P	988	–13.0	0.7
PS Group		NM	–97.1	195	16.0	18.3
Pullman-Peabody		NM	–14.9	1	199.7‡‡	56.3
Purolator Courier		NM	D–D	586	6.2	3.4
Ramada Inns		NM	7.7	354	10.8	8.6
Reichhold Chemicals		NM	P–D	895	–2.7	–1.4
Research-Cottrell		NM	D–P	861	–1.2	–3.5
Resorts Intl		NM	D–D	617	5.5	–3.6
Revere Copper		NM	P–D	969	–9.4	–12.8
Revlon Group		NM	D–D		NA	1,799.3
Reynolds Metals		NM	D–P	838	0.0	3.9
HH Robertson		NM	D–D	840	–0.1	–5.2
AH Robins		NM	D–P	349	10.9	11.5
Roper Corp		NM	D–P	543	7.0	4.1
St Paul Cos		NM	D–P	541	7.1	21.1
Savin		NM	D–D	869	–1.8	–12.0
Singer		NM	13.5	898	–3.0	–22.5
AO Smith		NM	D–P	630	5.4	3.4
Smith International		NM	D–D	947	–6.7	–30.7
Sonat		NM	P–D	627	5.4	–16.0
Soo Line		NM	D–D	383	10.1	19.9
Southern Union		NM	D–D	996	–17.3	–45.2
Southwest Forest Inds		NM	D–D	847	–0.5	–12.5
JP Stevens		NM	D–P	859	–1.1	–10.8
Stewart & Stevenson		NM	P–D	972	–9.7	–5.4
Stone Container		NM	–37.5	54	31.7	47.1
Storage Technology		NM	D–P	842	–0.1	3.6
Talley Industries		NM	14.8	925	–5.2	4.8
Tesoro Petroleum		NM	D–D	930	–5.4	–35.8
Texas Air		NM	–89.2	33	37.8	16.9
Texas Instruments		NM	D–D	604	5.7	–7.4
Thorn Apple Valley		NM	D–D	489	8.0	–3.6
TIE/Communications		NM	D–D	23	45.3	–9.1
Tiger International		NM	D–D	948	–6.7	–3.0
Timken		NM	P–D	923	–4.9	–3.0
Todd Shipyards		NM	P–D	965	–8.8	7.2
Toro		NM	21.5	857	–1.0	20.1
Tosco		NM	D–D	984	–11.8	–42.0

Company	Earnings per share rank	5-year average	latest 12 months	Sales rank	5-year average	latest 12 months
Trans World Airlines		NM	D–D	769	1.9%	–16.4%
Triangle Industries		NM	16.9%	84	26.7	88.3
Trinity Industries		NM	D–P	977	–11.1	–2.4
TRW		NM	126.8	700	3.9	–0.7
UAL		NM	D–P	564	6.5	42.0
UGI		NM	P–D	622	5.4	–14.6
Union Carbide		NM	D–P	879	–2.1	–22.0
United Brands		NM	42.5	933	–5.6	2.0
United Financial		NM	P–D	82	27.0	46.8
United Merchants		NM	D–D	780	1.6	–9.3
US Home		NM	D–D	846	–0.5	–17.3
USF&G		NM	D–P	456	8.7	26.5
USLife		NM	D–P	673	4.4	14.2
USX		NM	P–D	490	7.9	–12.7
Valero Energy		NM	D–D	599	5.8	–22.0
Varity Corp		NM	D–P	995	–16.9	1.3
Warner Comm		NM	D–P	900	–3.3	25.6
Warner-Lambert		NM	P–D	872	–1.9	–5.3
Western Air Lines		NM	P–D	639	5.2	–4.8
Western Co No Amer		NM	D–D	860	–1.1	–46.9
Western S&L		NM	60.3	100	24.0	13.1
Western Union		NM	D–D	566	6.5	–9.6
Westmoreland Coal		NM	D–P	684	4.2	1.3
Wheeling-Pittsburgh		NM	D–D	952	–7.0	–5.5
Wickes Cos		NM	–70.7	881	–2.1	31.5
Wilson Foods		NM	D–D	953	–7.1	–5.2
FW Woolworth		NM	26.2	915	–4.4	7.0
Zale		NM	P–D	636	5.2	7.6
Zapata		NM	P–D	985	–11.9	–34.2
Zenith Electronics		NM	P–D	519	7.5	9.6
American Tel & Tel		NA	18.0		NA	1.4
AmeriFirst Federal		NA	NA	445	8.9‡	14.9
Ameritech		NA	8.4		NA	4.6
Anchor Glass		NA	NA	194	16.2‡	NA
Bear Stearns Cos		NA	4.9	18	51.1‡	5.1
Bell Atlantic		NA	9.2		NA	8.9
BellSouth		NA	4.4		NA	9.8
Carteret Savings		NA	1.2	31	38.7	–2.8
Child World		NA	NA	98	24.2	NA
Coast S&L Assoc		NA	NA	131	20.9	20.0
Compaq Computer		NA	52.3		NA	29.2
CrossLand Savings		NA	–6.2	88	26.2	–4.5
Dime Savings Bank		NA	NA	419	9.4	NA
First Federal Mich		NA	78.5	58	30.9	9.5
Gt Am First Savings		NA	103.8	108	23.1	35.1
Henley Group		NA	NA	97	24.5‡	NA
Leslie Fay Cos		NA	NA	129	20.9	23.2
Masco Industries		NA	–42.7	394	9.9	9.9
MeraBank		NA	51.9	44	33.3	14.1
Meritor Financial		NA	P–D	99	24.2	5.4
Morgan Stanley		NA	NA	59	30.7‡	NA
Nynex		NA	10.6		NA	8.9
Omnicom Group		NA	NA		NA	NA
Pacific Telesis		NA	6.3		NA	7.7
Pay 'n Save		NA	NA		NA	NA
Premark Intl		NA	NA		NA	NA
Southwestern Bell		NA	–2.0		NA	1.8
SSMC		NA	NA	989	–13.6‡	–6.7
Stater Bros		NA	127.7	415	9.5	10.8
TCF Banking & Savings		NA	NA	112	22.9‡	NA
Temple-Inland		NA	–16.6	667	4.5	–1.2
Tops Markets		NA	–10.7	554	6.9‡	3.6
UNUM Corp		NA	NA	157	17.9‡	13.5
US West		NA	1.6		NA	6.9
York International		NA	NA	733	2.9‡	NA

D–D: Deficit to deficit. D–P: Deficit to profit. P–D: Profit to deficit. NA: Not available. NM: Not meaningful. ‡Four-year growth. ‡‡Three-year growth.

WHO'S WHERE IN THE STOCK MARKET

The economy puttered, foreign goods invaded at a record pace, Wall Street was scandalized and there were some near-panic selloffs. But did the market fizzle? No. It sizzled.

KEEP YOUR BASEBALL PLAYOFFS AND World Series. If you wanted real excitement in 1986, Wall Street was the place to be. For high anxiety, no investor is likely to forget Sept. 11, 1986, the day the Dow Jones industrial average fell 87 points in a single trading day, the steepest such drop in absolute terms—since Black Tuesday of October 1929.

But anyone who saw the September plunge as a sign that the five-year-old bull market had peaked was in for a surprise. Within eight weeks the Dow averages recovered their lost ground and were marching toward new highs. Eleven times in 1986 the Dow industrials fell by 30 points or more, and in each instance the collapse ushered in a surge to more breathless heights. If nothing else, 1986 was a year for the bears to get suckered and suckered and suckered again.

If stock in an industry survey company was traded as of Nov. 18, 1986, it is listed in the following alphabetical stock market table. The stars of the year were blue chips and big company stocks. By late November the Dow's 30 industrials had averaged a 17.5% gain for the year. In contrast, the broader Wilshire index, which measures some 5,800 issues, was a comparative laggard, up 11%.

Despite rising price/earnings multiples, there was no letup in takeover and buyout activity. Beatrice Cos., R.H. Macy, National Gypsum and Safeway Stores went private. RCA and White Consolidated Industries were acquired. Sperry and Burroughs merged into Unisys, now the second-largest computer company. Chesebrough-Pond's agreed to a buyout offer from Unilever. In the autumn, food processor Anderson, Clayton was taken over by Quaker Oats.

Though the longest postwar bull market has been good for almost all stocks, it has been best for those of the biggest companies. Over the past five years 543 have at least doubled, with 254 of that number actually tripling in value or better. Pulling down the averages were 144 stocks that declined. And a total of 193 failed to show so much as a 17.7% gain, meaning they didn't keep even with inflation over the last half-decade.

The five-year stock market leaders? Minstar and Circuit City Stores, with respective gains of 4,400% and 3,437%. A $1,000 investment in corporate raider Irwin Jacob's Minstar at the start of 1982 is now worth $44,000. Of the 50 best performers, 21 were retailers. Circuit City, ranked second, is a fast-growing consumer electronics chain. The Limited, which ranked fourth in five-year stock performance, owns women's apparel stores like Lane Bryant and Victoria's Secret.

Among the top 50 companies, 25 weren't in this survey five years ago. None of the top 5 were there. Why? Because five years ago they were too small to qualify. Size is an important element in the stock market performance measured here. Third-ranked Hasbro, which had profits of only $5 million in 1980, posted a 2,000% jump in profits and a 2,700% jump in stock price. That's an impossible task for an IBM.

What about last year's losers? Unfortunately, many of the nags remain nags. In particular, the oilfield service companies have failed to make a comeback, thanks to the early 1986 collapse in energy prices. In all, the 25 stocks showing the worst five-year performance last year fell another 36%. Gearhart Industries dropped 76%, Ideal Basic Industries 73% and Tidewater 70%. If history repeats, a number of these losers will eventually rebound. It just may take longer *(see p. 40)*. ■

Who's where in the stock market

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/earnings ratio	Price/sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/recent price
203	348	**Abbott Laboratories**	225.9	55 –12⅝	44	$2.21	19.9	2.79	$0.84	1.9%	$ 7.82	0.18
734	392	**ADT**	31.7†	30 –16	26¼	–2.44	def	0.68	0.92	3.5	11.50	0.44
375	307	**Advanced Micro**	153.2	41⅛– 5⅛	14⅞	–1.69	def	1.40	none	0.0	6.81	0.46
765	592	**Aetna Life & Cas**	22.2	66¼–27¼	53¾	6.78	7.9	0.30	2.64	4.9	40.84	0.76
138	401	**HF Ahmanson**	296.7	28¾– 2⅝	20	3.22	6.2	0.63	0.46	2.3	13.43	0.67
581	595	**Air Prods & Chems**	85.4	41¾–11¾	34⅞	0.08	NM	1.04	0.80	2.3	19.78	0.57
190	166	**Albertson's**	236.8	49½–12	44⅝	2.85	15.7	0.29	0.84	1.9	15.60	0.35
733	807	**Alcan Aluminium**	32.6	41⅝–15⅞	30½	–0.87	def	0.51	0.80	2.6	27.94	0.92
505	370	**Alco Standard**	111.6	46¾–17¼	41	2.67	15.4	0.19	1.28	3.1	21.30	0.52
806	753	**Alexander & Alexander**	5.9	42⅜–17	27	0.07	NM	1.07	1.00	3.7	7.12	0.26
48	285	**Alexander & Baldwin**	480.2	47¼– 6⅜	44	3.22	13.7	2.50	1.36	3.1	17.97	0.41
124	344	**Alexander's**	312.3	49 – 7½	41¾	0.59	70.8	0.36	none	0.0	17.08	0.41
509	38	**Allegheny Beverage**	109.5	30½– 4¼	11	–2.28	def	0.08	0.40	3.6	17.75	1.61
923	870	**Allegheny Intl**	–55.4	36¼–11⅜	14⅞	–7.65	def	0.08	none	0.0	17.35	1.17
261	303	**Allegheny Power**	193.8	53⅞–16⅛	47⅜	4.07	11.6	1.38	2.92	6.2	25.73	0.54
675	550	**Allen Group**	54.3	27¼– 8⅜	16⅛	1.04	15.5	0.35	0.56	3.5	13.11	0.81
892	630	**Allied Bancshares**	–33.8	27½–13⅛	13⅞	0.20	69.4	0.61	0.40	2.9	15.94	1.15
719	650	**Allied-Signal**	36.8	54½–19⅛	40	–4.17	def	0.62	1.80	4.5	33.75	0.84
75	183	**Allied Stores**	406.2	67½–11¼	66⅛	3.38	19.6	0.73	1.16	1.8	27.30	0.41
58	141	**Allied Supermarkets**	460.0	10⅛– ⅝	7	0.34	20.6	0.18	none	0.0	7.62	1.09
949	943	**Allis-Chalmers**	–81.9	19⅜– 2⅜	2⅞	–0.85	def	0.05	none	0.0	–1.49	NE
397	475	**Alltel**	147.1	45 –15½	41⅜	3.51	11.8	1.25	2.04	4.9	22.74	0.55
730	678	**Alcoa**	34.1	48⅝–21⅞	34⅜	–0.34	def	0.63	1.20	3.5	39.84	1.16
704	915	**AM International**	42.4	8⅝– ⅜	5⅞	–0.02	def	0.43	none	0.0	4.11	0.70
944	920	**AMAX**	–74.6	48⅞–10½	12	–1.90	def	0.63	none	0.0	10.56	0.88
702	820	**Amdahl**	43.2	29¾– 8⅝	21⅛	0.44	48.0	1.13	0.20	0.9	9.64	0.46
819	847	**Amerada Hess**	0.0	34¾–15⅛	24⅛	–7.62	def	0.40	none	0.0	26.77	1.11
214	421	**American Bakeries**	219.3	45¾– 8	43½	2.31	18.8	0.31	none	0.0	18.63	0.43
518	NR	**American Bankers Ins**	106.9	17¼– 6⅛	13⅞	1.99	7.0	0.30	0.50	3.6	10.69	0.77
453	568	**American Brands**	127.2	52½–17⅝	41¾	3.14	13.3	0.82	2.08	5.0	21.53	0.52
410	373	**American Can**	142.9	91⅞–25¾	83½	7.18	11.6	0.51	2.90	3.5	46.06	0.55
13	8	**American Continental**	900.0	15¼– 4¾	10	1.60	6.3	0.15	none	0.0	6.68	0.67
328	491	**American Cyanamid**	169.0	89⅞–24⅜	78	3.47	22.5	0.97	1.90	2.4	35.06	0.45
632	621	**American Electric**	70.8	31½–15⅛	27¾	2.52	11.0	1.11	2.26	8.1	20.35	0.73
365	280	**American Express**	156.1	70⅛–17⅝	56½	5.49	10.3	0.77	1.36	2.4	22.82	0.40
20	21	**American Family**	826.2	37⅜– 2¾	26¾	2.01	13.3	0.85	0.44	1.6	8.50	0.32
348	233	**American General**	160.9	46¾–10½	35⅞	3.91	9.2	0.76	1.12	3.1	28.98	0.81
224	51	**American Greetings**	213.0	42 – 9	31½	2.25	14.0	0.97	0.66	2.1	15.01	0.48
914	898	**American Hoist**	–48.1	18 – 6⅛	8⅜	–3.33	def	0.15	none	0.0	12.23	1.46
520	364	**American Home Prods**	105.5	94⅞–33¼	75	5.05	14.9	2.31	3.10	4.1	15.14	0.20
494	268	**American Intl Group**	116.2	71¾–22	56	3.84	14.6	1.13	0.25	0.4	22.73	0.41
484	771	**American Maize**	119.2	23½– 8	21⅜	0.30	71.3	0.24	0.52	2.4	21.58	1.01
862	773	**American Medical**	–20.5	37¼–13⅜	15½	–1.12	def	0.54	0.72	4.6	11.66	0.75
735	830	**American Motors**	31.6	11¼– 2¼	3⅛	–1.19	def	0.09	none	0.0	0.78	0.25
247	227	**American Natl Ins**	205.3	50¾–12⅝	43½	5.45	8.0	1.54	1.20	2.8	45.88	1.05
858	777	**American Petrofina**	–19.5	64¾–38⅜	44½	–5.76	def	0.25	none	0.0	52.16	1.17
731	NR	**American President**	33.8‡	29 –11⅞	25⅞	0.18	NM	0.40	0.50	1.9	25.87	1.00
712	736	**American Standard**	38.7	46⅞–17	41¼	2.66	15.5	0.50	1.60	3.9	23.45	0.57
60	13	**American Stores**	449.2	71¼– 8⅜	54	4.00	13.5	0.12	0.84	1.6	24.44	0.45
713	NR	**American Tel & Tel**	38.5‡	26 –14⅞	24¾	1.64	15.1	0.77	1.20	4.8	13.70	0.55
NR	NR	**AmeriFirst Federal S&L**	NA	10¼– 8	9¾	NA	NA	0.18	none	0.0	NA	NA
562	NR	**Ameritech**	93.0‡	152¼–62⅛	124½	11.44	10.9	1.31	7.08	5.7	76.52	0.61
327	299	**AmeriTrust**	169.4	49½–13⅜	40¾	4.31	9.5	1.07	1.76	4.3	38.64	0.95
33	9	**Ames Dept Stores**	586.1	34⅝– 3¼	23⅞	1.14	20.9	0.50	0.10	0.4	9.87	0.41
672	548	**Ametek**	55.2	31 –11½	26	1.59	16.4	1.01	1.00	3.8	9.98	0.38
838	781	**Amfac**	–10.4	31¾–17⅛	23¾	–0.87	def	0.16	none	0.0	26.14	1.10
740	796	**Amoco**	28.8†	72⅛–33½	67	3.77	17.8	0.83	[illegible]	4.9	44.79	0.67
488	418	**AMP**	118.2	45 –15⅛	37	1.29	28.7	2.17	0.80	2.2	9.23	0.25
819	869	**Ampco-Pittsburgh**	0.0	24 –11½	14¾	–0.32	def	0.32	0.30	2.0	20.14	1.37
80	77	**AMR**	400.0	62⅛– 9	55	4.34	12.7	0.54	none	0.0	37.41	0.68
NR	NR	**Anchor Glass**	NA	28¼–20⅞	23½	3.61	6.5	0.27	none	0.0	1.79	0.08
615	599	**Anchor Hocking**	77.5	35¾–13⅜	30⅝	–0.27	def	0.43	1.48	4.8	24.21	0.79
163	107	**Anheuser-Busch Cos**	266.6	29⅛– 6⅜	25⅛	1.58	15.9	0.92	0.48	1.9	8.04	0.32

Note: Except as indicated, price changes are from Dec. 31, 1981 to Nov. 18, 1986. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ‡Three-year price change. NA: Not available. NE: Negative equity. NM: Not meaningful. def: Deficit.

Who's where in the stock market

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
722	705	**Anixter Bros**	36.0	14½– 4⅝	10⅝	$0.61	17.4	0.59	$0.16	1.5%	$ 6.06	0.57
662	878	**Apple Computer**	59.9	63¼– 11	35⅜	2.39	14.8	1.18	none	0.0	8.90	0.25
538	659	**Archer-Daniels**	101.4	22⅜– 6⅜	20¼	1.57	12.9	0.61	0.10	0.5	12.73	0.63
26	16	**Arden Group**	707.1	28¾– 3	28¼	2.13	13.3	0.16	none	0.0	15.07	0.53
59	153	**Arkansas Best**	455.2	25⅜– 3¼	23¼	2.02	11.5	0.35	0.36	1.5	9.39	0.40
794	723	**Arkla**	11.2	29⅞– 12¾	19⅞	0.99	20.1	1.26	1.08	5.4	9.53	0.48
950	929	**Armco**	–83.9	27⅞– 5⅝	4½	–7.47	def	0.11	none	0.0	15.10	3.36
583	212	**Armstrong Rubber**	84.7	24⅛– 7	15⅛	–3.64	def	0.18	0.48	3.2	22.25	1.47
173	204	**Armstrong World Inds**	255.2	35 – 6⅝	29¾	2.38	12.5	0.77	0.84	2.8	7.52	0.25
927	822	**Arrow Electronics**	–57.0	34 – 3⅛	6⅞	–4.91	def	0.09	0.20	2.9	10.76	1.57
148	174	**Arvin Industries**	279.8	35 – 5⅞	28¼	2.49	11.3	0.52	0.68	2.4	14.69	0.52
903	899	**Asarco**	–38.8	44¼– 10	15¾	–2.29	def	0.40	none	0.0	21.20	1.35
603	775	**Ashland Oil**	79.2	64¼– 20½	56	6.15	9.1	0.26	1.80	3.2	33.18	0.59
904	766	**Athlone Industries**	–39.3	28¾– 14⅝	17⅜	–0.90	def	0.20	1.60	9.2	4.95	0.28
NR	NR	**Guy F Atkinson**	NA	20 – 14¼	15	1.24	12.1	0.15	0.84	5.6	21.25	1.42
250	298	**Atlanta Gas Light**	203.3	22⅞– 7⅛	22¾	1.67	13.7	0.41	1.60	7.0	16.74	0.74
446	482	**Atlantic City Elec**	129.0	46⅝– 16¼	39½	3.52	11.2	1.26	2.62	6.6	24.77	0.63
747	731	**Atlantic Richfield**	26.4*	67⅞– 32¼	59¼	3.66	16.2	0.65	4.00	6.8	29.83	0.50
324	327	**Automatic Data Proc**	170.6	38¾– 10¼	34	1.50	22.7	1.98	0.38	1.1	9.05	0.27
298	189	**Avery International**	180.2	47½– 10¾	38⅞	2.41	16.1	0.73	0.76	2.0	15.84	0.41
769	594	**Avnet**	18.7	50 – 17⅝	27⅜	0.63	43.5	0.68	0.50	1.8	18.18	0.66
827	806	**Avon Products**	–4.6	36⅞– 17⅞	28⅝	–0.72	def	0.72	2.00	7.0	11.69	0.41
688	579	**AZP Group**	49.0	32 – 14½	28⅞	3.34	8.6	1.76	2.72	9.4	25.36	0.88
367	135	**Bairnco**	155.2†	35½– 9¼	23½	2.02	14.1	0.50	0.70	2.5	16.70	0.59
941	908	**Baker International**	–72.4	42 – 8⅞	10½	–5.15	def	0.47	0.46	4.4	14.43	1.37
110	82	**Ball Corp**	335.6	45½– 7⅝	36⅝	2.53	14.5	0.79	0.82	2.2	14.38	0.39
882	841	**Bally Manufacturing**	–27.9	32⅜– 11⅛	21	1.01	20.8	0.44	0.20	1.0	15.12	0.72
257	277	**Baltimore Gas & Elec**	197.3	39⅞– 11¼	34⅜	3.14	10.9	1.49	1.80	5.2	19.36	0.56
301	185	**Banc One**	179.3	33⅛– 8½	24¼	2.21	11.0	1.18	0.84	3.5	12.29	0.51
344	312	**Bank of Boston**	163.0	44⅞– 10⅝	40	5.03	8.0	0.46	1.32	3.3	32.30	0.81
245	NR	**Bank of New England**	205.6	39½– 8¼	30⅛	3.55	8.5	0.76	1.12	3.7	19.18	0.64
343	247	**Bank of New York**	163.3	46¾– 12	37⅝	4.83	7.8	0.65	1.68	4.5	28.38	0.75
880	891	**BankAmerica**	–27.1	26¼– 9½	15½	–5.46	def	0.19	none	0.0	24.30	1.57
402	325	**Bankers Trust NY**	145.7	52½– 12⅝	41⅝	6.00	6.9	0.59	1.48	3.6	34.32	0.82
617	658	**Barnes Group**	76.6*	34½– 11⅛	32	2.54	12.6	0.47	1.00	3.1	17.68	0.55
191	200	**Barnett Banks Fla**	236.3	40⅞– 8⅝	34	2.95	11.5	0.98	0.80	2.4	16.41	0.48
714	743	**Bausch & Lomb**	38.1	44 – 16¾	36½	2.40	15.2	1.64	0.78	2.1	13.67	0.37
800	722	**Baxter Travenol Labs**	7.5	31⅜– 11¾	18	1.69	10.7	0.78	0.40	2.2	10.78	0.60
264	140	**BayBanks**	193.2	52 – 9⅞	37¼	4.15	9.1	0.83	1.32	3.5	24.67	0.65
NR	NR	**Bear Stearns Cos**	NA	26⅝– 12¼	19	1.49	12.8	0.69	0.44	2.3	8.03	0.42
828	608	**Bearings**	–4.6	45¾– 26	33⅛	0.50	67.3	0.28	1.00	3.0	33.39	0.99
872	872	**Becor Western**	–24.6	21¼– 9¾	12¼	0.18	68.1	0.54	0.20	1.6	11.71	0.96
540	687	**Becton Dickinson**	100.0	61¼– 15⅜	47¾	2.62	18.2	1.50	0.66	1.4	16.83	0.35
537	NR	**Bell Atlantic**	101.5‡	77 – 32½	65¾	5.83	11.3	1.36	3.60	5.5	39.66	0.60
137	330	**Bell & Howell**	297.4	47⅝– 8¾	37¾	3.14	12.0	0.40	0.62	1.6	22.68	0.60
553	NR	**BellSouth**	95.8‡	69 – 27¼	55	5.03	10.9	1.53	3.04	5.5	33.41	0.61
99	181	**Bemis**	359.5	29¾– 5⅝	28	1.81	15.5	0.43	0.60	2.1	14.28	0.51
172	388	**Beneficial Corp**	255.3	78⅝– 14⅝	71½	–2.65	def	0.77	2.00	2.8	35.20	0.49
738	293	**Bergen Brunswig**	29.9	37⅝– 11¾	20⅛	1.54	13.1	0.10	0.32	1.6	13.33	0.66
76	34	**Berkshire Hathaway**	404.5	3250 –430	2825	448.28	6.3	1.69	none	0.0	1643.71	0.58
836	692	**Best Products**	–9.6	26⅜– 9	11	–0.10	def	0.13	none	0.0	15.40	1.40
945	873	**Bethlehem Steel**	–77.4	29½– 4⅞	5¼	–5.55	def	0.06	none	0.0	16.92	3.22
427	190	**Beverly Enterprises**	137.0	22⅜– 6⅛	19¾	1.16	17.0	0.62	0.20	1.0	9.85	0.50
576	NR	**Big Bear**	86.7‡	21¾– 7½	18¼	1.94	9.4	0.14	none	0.0	9.58	0.52
659	124	**Big V Supermarkets**	62.2	16¾– 6¼	11⅜	1.03	11.0	0.12	0.44	3.9	7.91	0.70
764	NR	**Bindley Western Inds**	22.5‡	15½– 6¾	10⅞	0.92	11.8	0.10	none	0.0	6.30	0.58
792	710	**Black & Decker**	11.6	28⅝– 12	16⅛	–3.37	def	0.54	0.40	2.4	9.94	0.59
438	NR	**H&R Block**	131.6	49 – 12⅝	44	2.39	18.4	1.79	1.48	3.4	11.73	0.27
633	572	**Blount**	70.3	19¾– 5¼	13⅝	0.33	41.3	0.14	0.40	2.9	11.45	0.84
353	NR	**Boatmen's Bancshares**	159.3	47½– 15⅞	38½	4.40	8.8	1.15	1.65	4.3	30.35	0.79
202	536	**Boeing**	226.7	64⅞– 10	49	4.27	11.5	0.49	1.20	2.4	28.12	0.57
635	645	**Boise Cascade**	70.1	62⅝– 19¾	58¼	2.89	20.2	0.46	1.90	3.3	49.46	0.85
81	127	**Borden**	399.6	52 – 8⅞	46⅜	2.80	16.7	0.71	1.12	2.4	18.27	0.39

Note: Except as indicated, price changes are from Dec. 31, 1981 to Nov. 18, 1986. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. *Shares outstanding have declined by 10% or more in the last year. ‡Three-year price change. NA: Not available. def: Deficit.

Who's where in the stock market

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/earnings ratio	Price/sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/recent price
268	372	Borg-Warner	191.5†	44⅝– 11	38⅝	$2.45	15.8	0.94	$1.00	2.6%	$18.99	0.49
14	206	Borman's	894.1	25¾– 2	21⅛	2.27	9.3	0.06	0.20	0.9	10.75	0.51
437	440	Boston Edison	131.8	27⅞– 10	25½	2.55	10.0	0.82	1.78	7.0	17.57	0.69
NR	NR	Bowater	NA	33⅛– 14⅞	29½	1.57	18.8	0.96	0.72	2.4	14.40	0.49
700	685	Briggs & Stratton	43.7	40¼– 22⅛	34⅛	2.21	15.4	0.66	1.60	4.7	20.29	0.59
293	258	Bristol-Myers	181.4	88½– 25⅜	74¾	4.02	18.6	2.25	2.20	2.9	17.71	0.24
325	394	Brockway Inc (NY)	170.3	29⅞– 8⅜	26⅛	2.39	10.9	0.30	0.88	3.4	18.17	0.70
511	419	Brooklyn Union Gas	109.2	28⅞– 11⅛	25⅝	1.71	15.0	0.55	1.62	6.3	16.94	0.66
684	582	Brown-Forman	50.9	64½– 23¼	54½	4.00	13.6	1.12	1.24	2.3	24.15	0.44
423	167	Brown Group	137.9	43⅜– 13⅛	33¾	2.34	14.4	0.44	1.44	4.3	19.72	0.58
142	125	Browning-Ferris Inds	284.0	44⅞– 8⅛	41⅛	1.80	22.8	2.34	0.64	1.6	7.90	0.19
37	44	Bruno's	538.9	23¾– 2½	16⅜	0.78	21.0	0.62	0.18	1.1	4.49	0.27
36	45	Brunswick	549.6	39⅜– 3½	30¼	2.57	11.8	0.78	0.56	1.9	12.46	0.41
666	511	Burlington Inds	57.9	43 – 17	38½	2.01	19.2	0.39	1.64	4.3	40.26	1.05
435	376	Burlington Northern	132.2	82⅜– 17⅛	62¼	–6.53	def	0.62	2.00	3.2	63.13	1.01
547	447	Business Men's Assur	98.1	32¾– 10¼	26½	–1.72	def	0.68	1.10	4.2	29.50	1.11
773	711	Butler Manufacturing	17.6	33½– 18½	30	2.22	13.5	0.28	1.32	4.4	27.19	0.91
770	790	Cabot	18.6	35⅜– 16⅛	29½	2.56	11.5	0.63	0.92	3.1	19.56	0.66
519	721	Caesars World	105.7	22⅞– 6⅜	18	1.36	13.2	0.78	none	0.0	8.99	0.50
711	NR	CalFed	38.8‡	42 – 11⅜	29½	7.06	4.2	0.31	0.60	2.0	41.76	1.42
434	402	California First Bank	132.2	40¼– 12⅛	34	2.52	13.5	0.70	1.08	3.2	24.42	0.72
947	928	Cameron Iron Works	–81.0	50½– 8⅛	8⅞	–0.09	def	0.45	0.04	0.5	11.92	1.34
132	163	Campbell Soup	305.2	68½– 13⅞	58	3.45	16.8	0.86	1.44	2.5	23.71	0.41
160	131	Capital Cities/ABC	268.3	276 – 64⅜	271⅛	9.32	29.1	1.36	0.20	0.1	68.42	0.25
284	211	Capital Holding	185.4	38¾– 10⅛	31¾	4.19	7.6	0.73	0.82	2.6	20.12	0.63
812	833	Carlisle Cos	3.5	40¼– 18½	29¾	1.89	15.7	0.60	1.10	3.7	21.52	0.72
65	NR	Carolina Freight	437.8	40½– 5⅛	40	2.67	15.0	0.45	0.44	1.1	16.12	0.40
557	558	Carolina Pwr & Lt	95.1	42¾– 18⅞	39½	3.97	9.9	1.55	2.68	6.8	27.33	0.69
884	791	Carpenter Technology	–28.4	58¼– 28	33⅛	1.48	22.4	0.57	2.10	6.3	34.62	1.05
111	306	Carson Pirie Scott	334.1	40⅛– 7⅛	35	1.67	21.0	0.26	0.70	2.0	21.01	0.60
316	554	Carter Hawley Hale	175.0	44¼– 10½	41¼	1.58	26.1	0.20	1.22	3.0	20.74	0.50
601	NR	Carteret Savings Bank	79.6‡	22⅝– 5⅛	14⅞	2.48	6.0	0.28	0.30	2.0	17.08	1.15
554	NR	Castle & Cooke	95.7	19⅝– 6⅞	18½	1.20	15.4	0.50	none	0.0	9.25	0.50
889	846	Caterpillar	–32.4	57½– 28⅜	37½	3.15	11.9	0.50	0.50	1.3	31.19	0.83
907	919	CBI Industries	–41.5	45⅛– 18¼	25	1.79	14.0	0.38	0.60	2.4	23.12	0.92
300	288	CBS	179.7*	151½– 33⅜	132½	8.44	15.7	0.64	3.00	2.3	24.84	0.19
223	264	Ceco Industries	213.6	41¼– 10	40¼	2.44	16.5	0.30	0.80	2.0	31.05	0.77
114	270	Celanese	332.0*	247½– 41¼	241⅜	17.16	14.1	0.96	5.20	2.2	77.18	0.32
628	481	Centel	73.6	65⅛– 27⅜	57½	4.79	12.0	1.19	2.44	4.2	30.56	0.53
NR	NR	Centerior Energy	NA	27¾– 22⅛	23	3.01	7.6	1.56	2.56	11.1	21.53	0.94
679	533	Centerre Bancorp	52.0	51¾– 15⅞	38	3.85	9.9	0.58	1.80	4.7	41.47	1.09
NR	NR	Centex	NA	40½– 18	34⅜	2.78	12.4	0.44	0.25	0.7	18.34	0.53
420	399	Central & South West	139.6	37½– 13¼	33¼	3.73	8.9	1.20	2.14	6.4	23.29	0.70
645	555	Central Hudson G&E	67.1	39⅞– 16⅛	30½	4.84	6.3	0.88	2.96	9.7	29.49	0.97
366	479	Central Ill Pub Svc	155.7	30¾– 10⅝	28⅛	2.14	13.1	1.49	1.68	6.0	16.32	0.58
699	729	Central Maine Power	44.4	20 – 7⅞	17⅞	1.59	11.2	0.79	1.40	7.8	14.59	0.82
639	586	Central Steel & Wire	69.0	490 –230	490	35.77	13.7	0.29	30.00	6.1	476.27	0.97
NR	NR	CenTrust Savings	NA	15⅛– 4½	10	–0.73	def	0.13	0.60	6.0	24.77	2.48
381	368	CertainTeed	151.6	38½– 10⅛	29¼	3.00	9.8	0.50	0.90	3.1	24.19	0.83
669	751	Champion Intl	56.3	32½– 11¾	30⅞	1.76	17.5	0.64	0.52	1.7	26.24	0.85
720	749	Champion Spark Plug	36.7	13½– 6⅞	10¼	–0.45	def	0.46	none	0.0	9.60	0.94
926	941	Charter	–56.9	15½– 1	3½	–2.53	def	0.04	none	0.0	–10.19	NE
232	114	Charter Medical	209.7	29 – 5½	19½	1.48	13.2	0.92	0.24	1.2	7.36	0.38
742	636	Chase Manhattan	27.6	49½– 15⅝	34⅜	6.58	5.2	0.28	2.05	6.0	49.19	1.43
616	353	Chemical New York	77.0	56¼– 17⅝	42⅞	7.47	5.7	0.39	2.60	6.1	50.82	1.19
728	580	Chesebrough-Pond's	34.8	52⅝– 30½	45½	3.38	13.5	0.64	2.08	4.6	19.20	0.42
804	819	Chevron	6.4	47⅛– 23½	45⅝	4.09	11.2	0.54	2.40	5.3	45.47	1.00
550	668	Chicago Pneumatic	96.1*	39⅞– 10⅞	37¼	–2.29	def	0.67	none	0.0	24.62	0.66
NR	NR	Child World	NA	20¼– 12	15¼	0.85	17.9	0.33	none	0.0	14.86	0.97
750	832	Chromalloy American	26.0	25⅛– 7¼	23	1.62	14.2	0.43	none	0.0	14.55	0.63
8	14	Chrysler	1,577.8*	47⅛– 2	37¾	8.63	4.4	0.25	1.40	3.7	27.75	0.74
294	195	Chubb	381.2	78⅛– 13¼	57½	4.47	12.9	0.77	1.56	2.7	31.76	0.55
741	380	Church's Fried	28.6	20¼– 8⅜	12⅞	0.27	45.8	0.96	0.46	3.7	7.24	0.59
776	613	Cigna	16.9††	77¼–27	51¾	–7.66	def	0.24	2.60	5.0	52.85	1.02

Note: Except as indicated, price changes are from Dec. 31, 1981 to Nov. 18, 1986. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. *Shares outstanding have declined by 10% or more in the last year. ††Four-year price change. ‡Three-year price change. NA: Not available. NE: Negative equity. def: Deficit.

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
286	395	**CILCorp**	**184.4**	42½–13½	38¾	$3.35	11.6	1.03	$2.28	5.9%	$22.19	0.57
146	113	**Cincinnati Financial**	**280.5**	79⅞–14¼	64¼	5.82	11.0	1.30	1.32	2.1	31.83	0.50
637	654	**Cincinnati G&E**	**69.8**	31⅛–8⅞	26¾	3.61	7.4	0.85	2.16	8.1	18.80	0.70
845	859	**Cincinnati Milacron**	**–14.1**	39 –15⅛	22⅛	0.77	28.7	0.64	0.72	3.3	11.19	0.51
120	251	**Circle K**	**318.1**	18⅝–2⅛	16⅜	0.89	18.5	0.32	0.28	1.7	5.03	0.31
2	5	**Circuit City Stores**	**3,437.2**	33 – ¾	29½	1.16	25.4	0.79	0.06	0.2	5.08	0.17
560	453	**Citicorp**	**94.1**	63¾–21½	49	6.80	7.2	0.29	2.46	5.0	50.63	1.03
320	331	**Citizens and Southern**	**173.9**	30½–7⅜	23⅝	2.58	9.2	0.86	0.88	3.7	14.03	0.59
54	97	**CityFed Financial**	**465.6**	18⅛–1⅝	12⅝	3.11	4.1	0.21	0.40	3.2	14.79	1.17
873	813	**Clark Equipment**	**–25.5**	39⅛–15¾	20⅛	–3.04	def	0.39	none	0.0	22.95	1.14
116	73	**Clorox**	**325.6**	60⅜–10⅝	47⅞	3.69	13.0	1.18	1.52	3.2	20.61	0.43
208	111	**CNA Financial**	**221.7**	75 –10¼	48¼	6.36	7.6	0.53	none	0.0	33.24	0.69
818	769	**CNW**	**1.1**	53⅞–12¼	22	0.01	NM	0.38	none	0.0	17.78	0.81
354	101	**Coachmen Industries**	**158.8**	39⅝–3⅛	11	0.22	50.0	0.27	0.40	3.6	10.32	0.94
NR	NR	**Coast Savings & Loan**	**NA**	19½–11¼	13⅝	3.33	4.1	0.21	none	0.0	26.83	1.97
691	669	**Coastal Corp**	**47.5**	40 – 8½	31⅝	0.50	63.3	0.14	0.40	1.3	22.99	0.73
243	275	**Coca-Cola**	**206.5**	44⅞–9⅞	35½	2.08	17.1	1.49	1.04	2.9	7.72	0.22
346	65	**Coleco Industries**	**161.8**	65 – 3¼	9	0.19	47.4	0.26	none	0.0	6.02	0.67
424	381	**Colgate-Palmolive**	**137.3***	43½–15	39¾	1.73	23.0	0.58	1.36	3.4	12.66	0.32
19	30	**Collins & Aikman**	**827.3**	52¾–5⅛	51	3.03	16.8	0.99	0.88	1.7	15.76	0.31
67	NR	**Collins Foods Intl**	**435.2**	19⅜–2½	16½	0.62	26.6	0.57	0.12	0.7	5.98	0.36
265	221	**Colt Industries**	**192.2**	11¾–2½	9¾	0.66	14.7	0.18	none	0.0	2.55	0.26
737	765	**Columbia Gas System**	**30.0**	44¼–26¾	41¾	1.70	24.6	0.49	3.18	7.6	35.10	0.84
35	72	**Columbia S&L Assoc**	**569.2**	17⅜–1	10⅞	5.35	2.0	0.14	0.24	2.2	17.72	1.63
456	220	**Combined Intl**	**126.6**	65½–17½	54⅜	7.32	7.4	1.07	2.24	4.1	29.87	0.55
843	864	**Combustion Eng**	**–13.9**	39½–20½	31⅞	1.53	20.8	0.42	1.00	3.1	20.00	0.63
251	116	**Comdisco**	**202.9**	28 – 4½	17¼	1.91	9.0	0.77	0.16	0.9	6.75	0.39
408	340	**Comerica**	**143.3**	60⅝–17½	48	4.65	10.3	0.52	2.20	4.6	44.23	0.92
359	NR	**Commerce Bancshares**	**157.7**	42¼–12⅞	35¾	3.61	9.9	0.78	1.08	3.0	30.69	0.86
NR	NR	**Commercial Credit**	**NA**	22¾–20½	20⅝	0.34	60.7	1.00	none	0.0	22.68	1.10
514	539	**Commercial Metals**	**108.3**	22⅝–5¾	15⅝	1.60	9.8	0.16	0.32	2.0	15.31	0.98
650	556	**Commonwealth Edison**	**66.0**	35¾–19¼	33	4.69	7.0	1.22	3.00	9.1	29.99	0.91
319	417	**Commonwealth Energy**	**174.8**	45¾–13	40⅞	4.38	9.3	0.59	2.72	6.7	27.88	0.68
744	NR	**Compaq Computer**	**27.0‡**	18¼–3½	15⅞	1.31	12.1	0.71	none	0.0	5.16	0.33
278	578	**Computer Sciences**	**187.6**	39¾–11	37¾	1.88	20.1	0.62	none	0.0	15.33	0.41
925	923	**Computervision**	**–56.5**	52⅞–9⅛	14⅛	–1.09	def	0.85	none	0.0	6.48	0.46
79	230	**ConAgra**	**400.7**	31½–5⅜	29	1.61	18.1	0.32	0.58	2.0	7.72	0.27
267	210	**Consolidated Edison**	**191.5**	52⅞–15⅜	47⅜	4.26	11.1	1.07	2.68	5.7	32.57	0.69
430	198	**Consol Freightways**	**135.4**	36½–10⅝	31	2.30	13.5	0.58	0.82	2.6	15.69	0.51
369	528	**Consol Natural Gas**	**154.2**	35⅛–10	32¼	2.26	14.3	0.96	1.32	4.1	18.43	0.57
131	196	**Consolidated Papers**	**305.7**	59½–11⅝	53¼	4.36	12.2	1.77	1.60	3.0	22.63	0.42
830	892	**Consumers Power**	**–6.6**	21⅞–4⅛	16	–4.03	def	0.44	none	0.0	21.50	1.34
619	573	**Contel**	**76.3**	35⅜–14⅞	29¾	3.03	9.8	0.76	1.88	6.3	18.96	0.64
347	NR	**Continental Bancorp**	**161.4**	69 –19⅛	57½	4.95	11.6	1.28	2.04	3.5	28.44	0.49
651	422	**Continental Corp**	**65.4**	55 –20⅝	43⅝	4.55	9.6	0.47	2.60	6.0	36.21	0.83
NR	NR	**Continental Illinois**	**NA**	10¼–4⅞	5⅞	0.29	20.3	0.12	0.08	1.4	7.08	1.21
883	885	**Control Data**	**–28.4**	63¼–15⅛	25¼	–8.62	def	0.30	none	0.0	29.21	1.16
876	825	**Cooper Industries**	**–25.7**	55¾–19¼	38¼	3.03	12.6	0.52	1.60	4.2	27.49	0.72
143	241	**Cooper Tire & Rubber**	**282.8**	27¾–6⅞	27¾	2.14	13.0	0.50	0.44	1.6	17.44	0.63
447	690	**Adolph Coors**	**128.9**	31⅝–9⅞	23¾	1.76	13.5	0.65	0.50	2.1	26.46	1.11
942	874	**Copperweld**	**–72.4**	24¾–6¼	6¾	–1.55	def	0.18	none	0.0	13.78	2.04
105	122	**CoreStates Financial**	**349.6**	44⅛–7¼	35⅛	3.88	9.1	0.94	1.36	3.9	23.53	0.67
527	414	**Corning Glass Works**	**103.4**	81½–19⅝	52¾	3.76	14.0	1.25	1.40	2.7	27.64	0.52
NR	NR	**Costco Wholesale**	**NA**	19½–8½	11⅝	0.15	NM	0.37	none	0.0	1.39	0.12
536	518	**CPC International**	**101.8**	88½–29⅜	71⅝	4.06	17.6	0.79	2.20	3.1	28.21	0.39
670	761	**Crane**	**55.6**	34½–10	34½	1.76	19.6	0.40	1.20	3.5	11.54	0.33
NR	NR	**CrossLand Savings**	**NA**	24¾–9¼	15½	5.03	3.1	0.27	0.40	2.6	28.88	1.86
837	855	**Crown Central Pet**	**–10.0**	30 – 9⅛	13½	–1.65	def	0.07	none	0.0	30.17	2.23
189	218	**Crown Cork & Seal**	**237.1**	114¼–22¾	101⅛	7.25	13.9	0.64	none	0.0	50.46	0.50
701	508	**CSX**	**43.5**	37½–12⅛	27¾	–1.05	def	0.65	1.16	4.2	30.09	1.08
77	24	**Culbro**	**402.5**	53¾–8½	50¼	6.35	7.9	0.23	0.80	1.6	34.97	0.70
417	346	**Cullum Cos**	**140.3**	26½–8⅛	20½	1.62	12.7	0.22	0.50	2.4	10.90	0.53
627	321	**Cummins Engine**	**73.9**	88½–26	61¾	–9.01	def	0.30	2.20	3.6	74.29	1.20
388	144	**Curtice-Burns Foods**	**149.8**	35⅛–9¼	30¼	2.23	13.6	0.19	0.96	3.2	18.37	0.61

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Who's where in the stock market

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/earnings ratio	Price/sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/recent price
282	375	**Cyclops**	**186.3**	78 –13⅝	73	$5.25	13.9	0.20	$1.10	1.5%	$53.44	0.73
NR	NR	**Cyprus Minerals**	**NA**	24⅞–11	15½	–15.19	def	0.48	none	0.0	30.73	1.98
625	455	**Dana**	**74.1**	34⅞–14⅝	34¼	2.19	15.6	0.48	1.28	3.7	22.73	0.66
778	644	**Data General**	**16.3**	76 –10⅛	31¼	0.21	NM	0.64	none	0.0	25.84	0.83
NR	NR	**Datapoint**	**NA**	9¼– 4½	7⅞	–0.86	def	0.43	none	0.0	13.01	1.65
399	591	**Day International**	**146.2**	29¾– 6¼	28	2.25	12.4	0.29	0.24	0.9	24.65	0.88
296	105	**Dayton-Hudson**	**180.8**	58½–12⅝	42⅛	2.89	14.6	0.43	0.84	2.0	20.04	0.48
55	58	**Dean Foods**	**465.6**	33⅜– 4½	31	1.56	19.9	0.62	0.46	1.5	7.76	0.25
898	876	**Deere**	**–36.3**	42⅜–21½	22⅝	–1.29	def	0.40	0.50	2.2	33.29	1.47
901	886	**DeKalb**	**–37.7**	30⅛–12¼	15⅞	–4.22	def	0.45	none	0.0	26.58	1.67
577	NR	**Delchamps**	**86.7‡**	27¾– 9¾	22⅞	1.07	21.4	0.23	0.28	1.2	10.47	0.46
339	343	**Delmarva Power & Lt**	**165.3**	38⅛–11½	33½	2.87	11.7	1.37	2.02	6.0	18.43	0.55
565	656	**Delta Air Lines**	**91.8**	52¾–22⅝	47	1.76	26.7	0.42	1.00	2.1	32.45	0.69
126	169	**Deluxe Check**	**310.6**	36¾– 4⅝	28⅞	1.36	21.2	2.93	0.64	2.2	4.14	0.14
549	398	**Dennison Mfg**	**96.4**	30⅜–10⅞	29⅛	0.80	36.4	0.64	1.20	4.1	13.96	0.48
213	229	**DeSoto**	**219.4**	41⅜–11¼	39⅛	1.34	29.2	0.46	1.40	3.6	26.23	0.67
680	601	**Detroit Edison**	**51.6**	19⅜–11	17¼	2.58	6.7	0.88	1.68	9.7	17.41	1.01
535	671	**Dexter**	**101.8**	23⅜– 7⅜	19⅞	1.29	15.4	0.77	0.60	3.0	9.39	0.47
304	477	**Di Giorgio**	**177.8**	27 – 7⅞	25	2.24	11.2	0.19	0.64	2.6	17.29	0.69
915	897	**Diamond Shamrock**	**–49.8**	26¾– 9½	12¾	–0.45	def	0.48	0.40‡‡	3.1‡‡	13.77	1.08
122	62	**Dibrell Brothers**	**315.7***	29 – 5¾	25¼	2.87	8.8	0.26	0.88	3.5	18.08	0.72
458	662	**Digital Equipment**	**126.3**	105⅛–30⅞	97⅞	5.58	17.5	1.57	none	0.0	44.54	0.46
9	4	**Dillard Dept Stores**	**1,273.5**	45¾– 2¾	41	2.28	18.0	0.77	0.12	0.3	12.42	0.30
NR	NR	**Dime Savings Bank of NY**	**NA**	18½–13¾	15⅝	NA	NA	0.35	none	0.0	23.65	1.51
235	452	**Walt Disney**	**209.1**	54⅞–11¼	40⅜	1.82	22.2	2.13	0.32	0.8	9.16	0.23
364	324	**Diversified Energies**	**156.8**	29 – 8⅞	24⅞	–1.04	def	0.45	1.44	5.8	17.56	0.71
89	NR	**Dollar General**	**377.4**	29⅜– 2¾	14⅛	0.50	28.3	0.47	0.20	1.4	5.74	0.41
416	NR	**Dominion Bankshares**	**140.9**	25⅜– 5⅞	19⅞	1.99	10.0	0.81	0.72	3.6	12.47	0.63
332	393	**Dominion Resources**	**167.4**	52⅛–16⅝	47⅛	3.84	12.3	1.53	2.96	6.3	29.47	0.63
192	160	**RR Donnelley**	**233.8**	80 –17⅞	63	3.94	16.0	1.14	1.28	2.0	23.47	0.37
418	391	**Dorsey**	**140.3**	29⅛– 8	21⅝	1.73	12.5	0.25	0.64	3.0	12.53	0.58
763	674	**Dover**	**22.7**	48½–17¾	40½	2.54	15.9	0.99	0.92	2.3	17.75	0.44
503	679	**Dow Chemical**	**111.9**	60⅞–19⅝	55⅝	1.35	41.2	0.93	2.00	3.6	25.20	0.45
489	226	**Dow Jones**	**118.2**	41 –11⅞	36	1.83	19.7	3.16	0.56	1.6	6.21	0.17
587	527	**DPL**	**82.9**	29⅛–11¼	26¾	1.61	16.6	1.14	2.00	7.5	17.94	0.67
809	893	**Dravo**	**4.5**	20 – 9¼	17½	0.44	39.8	0.27	0.50	2.9	13.97	0.80
909	907	**Dresser Industries**	**–45.5**	33½–12¼	18⅛	–2.74	def	0.36	0.40	2.2	21.60	1.19
463	576	**EI du Pont**	**125.8**	89 –30	84⅛	6.53	12.9	0.73	3.20	3.8	51.62	0.61
451	472	**Duke Power**	**127.9**	52 –20¼	47	4.00	11.8	1.45	2.68	5.7	28.97	0.62
204	225	**Dun & Bradstreet**	**225.4**	120⅜–29¼	102½	4.42	23.2	2.52	2.56	2.5	17.83	0.17
824	627	**Duquesne Light**	**–3.8**	19½–11½	12¾	2.04	6.3	1.08	1.20	9.4	16.37	1.28
705	842	**DWG**	**42.2**	3½– 1⅜	2¾	–0.26	def	0.04	none	0.0	4.04	1.47
604	726	**Dynalectron**	**79.2**	18⅞– 6¼	16⅛	0.34	47.4	0.24	0.27	1.7	10.82	0.67
333	291	**E-Systems**	**167.3**	44¾–10⅞	33½	1.53	21.9	0.94	0.50	1.5	10.69	0.32
390	617	**Eagle-Picher Inds**	**149.1**	41¾– 9⅝	34⅞	–11.71	def	0.57	1.04	3.0	11.35	0.33
663	806	**Eastern Air Lines**	**59.6**	12⅛– 3½	9⅜	–3.51	def	0.15	none	0.0	3.28	0.35
758	792	**Eastern Gas & Fuel**	**23.8**	30¾–14¼	29⅞	2.18	13.7	0.58	1.30	4.4	19.26	0.64
723	727	**Eastman Kodak**	**35.8**	65⅜–40⅛	64⅜	0.48	NM	1.28	2.52	3.9	29.07	0.45
474	367	**Eaton**	**122.7**	79 –22¾	71	4.46	15.9	0.62	1.60	2.3	42.00	0.59
254	437	**Echlin**	**200.0**	20½– 5¼	19⅛	1.11	17.2	1.01	0.50	2.6	8.79	0.46
311	486	**Economics Laboratory**	**175.8**	29⅜– 8	22¾	1.66	13.7	0.75	0.58	2.5	9.59	0.42
NR	NR	**Edison Bros Stores**	**NA**	43¾–31	37	2.74	13.5	0.43	1.60	4.3	21.27	0.57
687	499	**EG&G**	**49.4**	43 –14½	29½	1.83	16.1	0.70	0.52	1.8	7.47	0.25
590	400	**Emerson Electric**	**82.4**	92 –39⅞	82¾	5.62	14.7	1.21	2.88	3.5	30.08	0.36
15	NR	**Emerson Radio**	**883.5**	11⅜– ⅞	10¾	0.61	17.6	0.53	none	0.0	1.74	0.16
803	714	**Emery Air Freight**	**6.9**	26⅝– 7	13⅝	–0.29	def	0.30	0.50	3.7	9.24	0.68
444	332	**Emhart**	**129.4**	42⅝–12⅝	33½	–0.40	def	0.52	1.40	4.2	21.83	0.65
757	755	**Engelhard**	**24.2**	44¾–17¾	30⅛	1.85	16.3	0.36	0.76	2.5	19.04	0.63
759	708	**Enron**	**23.6**	54⅝–21	38⅝	0.80	48.3	0.19	2.48	6.4	31.23	0.81
900	844	**Enserch**	**–37.1**	29⅞–13⅛	15⅞	–0.68	def	0.31	0.80‡‡	5.0‡‡	15.22	0.96
716	649	**Entex**	**37.5**	24¼–10⅛	17⅞	–4.08	def	0.52	1.40	7.8	9.00	0.50
61	53	**Equifax**	**447.7**	28½– 3⅝	21	1.18	17.8	0.72	0.68	3.2	4.47	0.21
530	590	**Equitable of Iowa**	**102.6**	23⅛– 9	22⅝	4.15	5.5	0.45	0.85	3.8	26.53	1.17
497	NR	**Equitable Resources**	**112.9**	51¼–12½	50¾	4.38	11.6	1.54	1.72	3.4	28.81	0.57

Note: Except as indicated, price changes are from Dec. 31, 1981 to Nov. 18, 1986. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. *Shares outstanding have declined by 10% or more in the last year. ‡Three-year price change. NA: Not available. NM: Not meaningful. def: Deficit. ‡‡Does not include stock dividends given in another company as part of the dividend.

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
NR	NR	**Esselte Business Sys**	NA	37¼–12⅝	32	$1.94	16.5	0.72	$0.56	1.8%	$14.40	0.45
43	106	**Ethyl**	512.7	23⅜– 2¼	18	1.28	14.1	1.44	0.38	2.1	6.23	0.35
965	946	**Evans Products**	–97.6	2½– ⅛	⅜	–15.83	def	0.00	none	0.0	–9.60	NE
495	640	**Exxon**	115.6	71¼–24⅞	67⅜	7.79	8.6	0.64	3.60	5.3	39.83	0.59
834	916	**Fairchild Industries**	–8.2	24⅞– 7⅞	11⅛	0.55	20.2	0.17	0.20	1.8	10.58	0.95
50	NR	**Family Dollar Stores**	470.1	28⅛– 2½	19	1.06	17.9	1.13	0.24	1.3	0.00	0.00
842	737	**Farm House Foods**	–13.7	6½– 2½	5	0.21	23.9	0.05	none	0.0	3.70	0.74
429	261	**Farmers Group**	135.9	46¼–14⅝	37¾	3.01	12.5	2.40	1.00	2.6	17.98	0.48
158	492	**Federal Co**	269.6	40⅜– 9⅛	39½	2.93	13.5	0.52	1.04	2.6	16.30	0.41
523	300	**Federal Express**	105.2	73¾–20¾	64⅛	2.46	26.1	1.20	none	0.0	21.49	0.34
621	509	**Federal-Mogul**	75.0	46¼–18	39⅜	3.38	11.6	0.55	1.60	4.1	26.23	0.67
136	379	**Fedl Natl Mortgage**	298.5	39½– 7⅛	33⅞	2.08	16.3	0.23	0.32	0.9	18.41	0.54
460	686	**Federal Paper Board**	125.9	31¼– 8⅞	30½	1.46	20.9	0.44	0.70	2.3	15.97	0.52
370	292	**Federated Dept Strs**	154.2	100⅜–33⅛	91½	5.83	15.7	0.44	2.68	2.9	55.50	0.61
724	620	**Ferro**	35.7	40 –18½	38	2.37	16.0	0.37	1.20	3.2	29.05	0.76
244	74	**Fidelcor**	205.6	47½– 8¼	37¼	4.66	8.0	0.62	1.40	3.8	26.35	0.71
291	624	**Fieldcrest Cannon**	181.6	43 – 8½	31½	1.74	18.1	0.33	0.60	1.9	23.22	0.74
249	478	**Figgie International**	204.2	58¾–14⅜	54	5.89	9.2	0.44	0.76	1.4	36.47	0.68
814	552	**Finl Corp of America**	2.7	32¾– 4	7	3.06	2.3	0.08	none	0.0	2.59	0.37
NR	NR	**Fireman's Fund**	NA	44½–25¾	32⅞	2.59	12.7	0.62	0.30	0.9	20.31	0.62
496	454	**Firestone**	113.9	29½– 9⅝	27	0.20	NM	0.28	0.80	3.0	28.30	1.05
277	412	**First Bank System**	187.8	59¾–13¾	50	6.51	7.7	0.48	2.00	4.0	40.95	0.82
68	31	**First Boston**	426.2	62¾– 8¼	46⅜	4.55	10.2	0.48	1.00	2.2	24.64	0.53
665	544	**First Chicago**	58.4	34⅞–13½	30½	4.42	6.9	0.40	1.32	4.3	34.10	1.12
952	896	**First City Bancorp**	–85.1	34 – 4⅝	4⅞	–8.34	def	0.11	none	0.0	24.54	5.03
789	NR	**First City Industries**	13.2	21 – 3¼	5⅜	–3.79	def	0.09	none	0.0	10.54	1.96
147	98	**First Executive**	280.4	23¼– 3½	15¾	1.75	9.0	0.29	none	0.0	11.38	0.72
281	NR	**First Federal Mich**	187.0‡	30 – 5¾	24¾	8.53	2.9	0.22	0.40	1.6	26.84	1.08
178	170	**First Fidelity Bncp**	248.8	42½–10	36⅝	3.98	9.2	0.86	1.68	4.6	25.45	0.69
696	600	**First Interstate**	45.5	67⅜–21⅝	52	7.25	7.2	0.46	2.66	5.1	57.79	1.11
133	61	**First of America Bank**	303.9	52¾– 9⅝	43¾	5.37	8.1	0.68	1.60	3.7	31.23	0.71
266	585	**First Pennsylvania**	192.0	9¾– 2⅜	9⅛	–0.01	def	0.39	none	0.0	11.77	1.29
793	672	**First Security**	11.4	35 –14⅛	23¼	1.70	13.7	0.50	1.10	4.7	29.15	1.25
187	164	**First Tennessee Natl**	243.6	36⅝– 8⅞	35½	3.17	11.2	0.92	1.12	3.2	19.71	0.56
263	128	**First Union**	193.7	30 – 6	23¼	2.47	9.4	1.05	0.68	2.9	12.96	0.56
NR	NR	**First Wachovia**	NA	46⅛–33	36¾	3.44	10.7	1.12	1.08	2.9	19.38	0.53
197	255	**First Wisconsin**	230.9	33 – 5¼	25⅛	2.42	10.4	0.71	0.84	3.3	18.78	0.75
877	786	**Fischbach**	–26.1	55½–23½	28¼	–2.97	def	0.09	none	0.0	41.38	1.46
856	520	**Fisher Foods**	–19.2*	16⅝– 7⅜	10½	–0.44	def	0.06	0.05	0.5	14.71	1.40
171	117	**Fleet Financial**	255.3	56⅛–10¼	47¾	5.33	9.0	1.32	1.60	3.4	24.[illegible]3	0.51
182	49	**Fleetwood Enterprises**	245.6	41⅞– 5¼	22¼	1.61	13.8	0.43	0.52	2.3	12.37	0.56
3[illegible]2	186	**Fleming Cos**	163.5	44⅞–11¼	34¼	2.46	13.9	0.10	1.00	2.9	20.56	0.60
823	NR	**Florida Federal S&L**	–2.5‡	22⅝–12⅞	14⅞	–7.88	def	0.27	none	0.0	23.94	1.61
467	146	**Florida Natl Banks**	124.2	29¼– 7⅝	18½	1.87	9.9	0.76	0.44	2.4	15.09	0.82
323	347	**Florida Progress**	171.2	47 –14⅞	42⅜	3.75	11.3	1.08	2.40	5.7	21.63	0.51
97	47	**Flowers Industries**	361.0	29 – 4½	26⅛	1.28	20.4	0.84	0.54	2.1	6.97	0.27
929	924	**Fluor**	–61.7	31⅜–11⅜	11½	–7.13	def	0.19	0.40	3.5	13.06	1.14
104	336	**FMC**	350.6	20⅞– 4½	20⅜	1.21	16.8	0.32	none	0.0	7.53	0.37
47	41	**Food Lion**	480.3	18½– 1¾	12¼	0.36	34.0	0.89	0.03	0.2	1.30	0.11
57	102	**Foodarama Supermkts**	461.5	20¾– 3⅛	18¼	2.23	8.2	0.05	none	0.0	18.82	1.03
29	96	**Ford Motor**	640.4	63½– 7⅛	55⅛	11.97	4.6	0.22	2.60	4.7	45.24	0.82
439	151	**Fort Howard Paper**	131.5	60½–16⅛	46⅞	2.44	19.2	2.13	1.00	2.1	16.60	0.35
943	921	**LB Foster**	–73.7	18¼– 3¼	3¾	–2.20	def	0.08	none	0.0	7.07	1.89
851	889	**Foster Wheeler**	–16.2	17⅜– 9⅝	12¼	0.70	17.5	0.34	0.44	3.6	11.85	0.97
887	857	**Foxboro**	–30.5	47½–21½	24¼	–2.07	def	0.52	none	0.0	21.04	0.87
472	436	**FPL Group**	123.0	38 –14	32¾	2.85	11.5	1.01	2.04	6.2	21.38	0.65
870	863	**Freeport-McMoRan**	–23.6	26¾–12¼	18¼	0.29	62.9	1.84	0.60‡‡	3.3‡‡	10.76	0.59
177	616	**Fruehauf**	250.3	49⅞–10⅛	43½	1.70	25.6	0.36	none	0.0	29.40	0.68
123	59	**Fuqua Industries**	314.1	25½– 3⅞	22	2.37	9.3	0.53	0.24	1.1	10.60	0.48
66	136	**GAF**	435.6	44 –4¼	38½	2.03	19.0	1.83	0.10	0.3	8.45	0.22
262	286	**Gannett**	193.8	43⅝– 9⅞	35⅜	1.66	21.3	2.16	0.92	2.6	7.94	0.22
5	20	**GAP**	1,843.9	45½– 1⅝	42⅛	1.36	31.0	1.99	0.28	0.7	4.32	0.10
938	903	**Gates Learjet**	–71.8	21¼– 3⅜	5⅝	–2.97	def	0.24	none	0.0	7.50	1.33
817	799	**GATX**	1.2	42 –20⅛	30⅞	2.01	15.4	0.50	1.50	4.9	24.23	0.78

Note: Except as indicated, price changes are from Dec. 31, 1981 to Nov. 18, 1986. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. *Shares outstanding have declined by 10% or more in the last year. ‡Three-year price change. NA: Not available. NE: Negative equity. NM: Not meaningful. def: Deficit. ‡‡Does not include stock dividends given in another company as part of the dividend.

Who's where in the stock market

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
962	937	**Gearhart Industries**	–93.9	30⅝– ⅞	1½	$–10.21	def	0.09	none	0.0%	$4.46	2.97
166	42	**Geico**	259.5	105½–21	99¾	12.06	8.3	1.25	$1.08	1.1	29.14	0.29
831	875	**Gelco**	–6.8	27⅛–12¾	18⅞	–0.19	def	0.35	none	0.0	15.70	0.83
129	119	**GenCorp**	307.0	83 –16½	79¼	4.47	17.7	0.58	1.50	1.9	42.58	0.54
93	33	**General Cinema**	371.2	59 – 8⅝	43	2.41	17.8	1.57	0.60	1.4	10.62	0.25
260	545	**General Dynamics**	194.4	89¼–18¾	72⅛	8.54	8.4	0.35	1.00	1.4	31.46	0.44
351	366	**General Electric**	160.6	82⅝–27½	74¾	5.31	14.1	1.08	2.52	3.4	30.49	0.41
100	48	**General Host**	358.3	25⅝– 2⅝	12⅞	1.45	8.9	0.55	0.22	1.7	8.77	0.68
935	883	**General Instrument**	–63.8	66⅞–12¾	16	–1.60	def	0.64	0.25	1.6	16.98	1.06
470	254	**General Mills**	123.0†	47⅜–14¼	40	2.17	18.5	0.76	1.28	3.2	7.61	0.19
599	566	**General Motors**	80.2	88⅝–33	69⅜	10.33	6.7	0.22	5.00	7.2	80.09	1.15
174	172	**General Public Utils**	251.9	25 – 4½	23¾	2.57	9.2	0.53	none	0.0	27.74	1.17
385	126	**General Re**	150.1	69½–16⅞	50½	2.57	19.6	1.81	0.88	1.7	18.49	0.37
198	728	**General Refractories**	229.7	17⅜– 2⅜	15¼	1.94	7.9	0.17	none	0.0	6.19	0.41
795	744	**General Signal**	10.7	54¼–28	42¾	1.20	35.6	0.74	1.80	4.2	31.47	0.74
919	871	**Genesco**	–51.8	10⅜– 2⅜	3⅜	–1.79	def	0.10	none	0.0	3.01	0.89
529	462	**Genuine Parts**	102.8	48⅜–19⅞	42¼	2.31	18.3	0.95	1.28	3.0	13.71	0.32
606	746	**Georgia-Pacific**	78.9	40½–13¼	36	2.21	16.3	0.53	1.00	2.8	21.37	0.59
176	148	**Gerber Products**	250.8	57⅝–10⅝	44⅝	2.02	22.1	0.93	1.32	3.0	18.20	0.41
119	NR	**Getty Petroleum**	319.2	31⅞– 3¾	20¾	1.86	11.2	0.19	0.16	0.8	5.08	0.24
25	11	**Giant Food**	715.4	33⅝– 2⅞	26½	1.97	13.5	0.34	0.60	2.3	9.05	0.34
376	713	**Gibraltar Financial**	152.9	16 – 2⅝	10¾	2.77	3.9	0.16	0.20	1.9	14.40	1.34
170	263	**Gillette**	255.6	68⅞–15¼	60	2.83	21.2	1.41	1.36	2.3	14.53	0.24
450	NR	**GlenFed**	128.2‡	27⅜– 6¾	22¼	4.47	5.0	0.27	0.40	1.8	35.54	1.60
963	947	**Global Marine**	–95.1	25¼– ⅛	1⅛	–10.78	def	0.15	none	0.0	6.91	6.14
49	474	**Godfrey**	477.6	19⅞– 3⅛	19¼	1.25	15.4	0.17	0.26	1.4	6.13	0.32
41	219	**Golden West Finl**	519.0	46¾– 3	32½	5.85	5.6	0.74	0.20	0.6	15.14	0.47
546	634	**BF Goodrich**	98.3	47⅞–16⅝	44⅛	–0.26	def	0.36	1.56	3.5	30.43	0.69
428	487	**Goodyear**	136.2	50 –17½	44⅞	2.96	15.2	0.48	1.60	3.6	32.44	0.72
677	458	**Gordon Jewelry**	52.9	22⅞– 9¼	19½	1.24	15.7	0.42	0.52	2.7	23.78	1.22
861	664	**Gould**	–20.4	43¾–14¾	18	–3.80	def	0.77	none	0.0	15.19	0.84
786	843	**WR Grace**	13.7	60¾–28½	52	2.94	17.7	0.40	2.80	5.4	43.40	0.83
483	423	**WW Grainger**	119.5	46½–16⅞	40¾	2.90	14.1	1.03	0.72	1.8	17.92	0.44
345	463	**Gt Am First Savings**	163.0‡	24¾– 5⅜	17¾	3.77	4.7	0.34	0.40	2.3	20.46	1.15
52	132	**Great A&P Tea**	467.7	27¾– 3½	22	1.57	14.0	0.12	0.40	1.8	17.63	0.80
361	584	**Gt Northern Nekoosa**	157.1	66½–19⅜	63	2.22	28.4	0.84	1.72	2.7	38.11	0.60
309	546	**Gt Western Financial**	175.9	48¼– 9½	40	6.94	5.8	0.44	1.20	3.0	29.82	0.75
507	345	**Greyhound**	109.7	38 –12⅝	32½	2.55	12.7	0.59	1.32	4.1	24.63	0.76
563	316	**Grumman**	92.8	36⅜–10½	26¾	2.36	11.3	0.26	1.00	3.7	20.69	0.77
589	562	**GTE**	82.4	63⅞–26⅜	58⅜	–0.78	def	0.81	3.66	6.3	32.31	0.55
130	215	**Gulf & Western**	306.3	72½–11¼	64½	3.40	19.0	1.15	0.90	1.4	29.15	0.45
891	712	**Gulf States Utils**	–33.7	16½– 7	7⅞	1.96	4.0	0.54	none	0.0	16.02	2.03
922	914	**Halliburton**	–53.7	52¾–17⅜	24⅛	–4.37	def	0.65	1.00	4.1	26.30	1.09
782	862	**Handy & Harman**	15.3	26⅜–12¼	20¾	–0.31	def	0.52	0.66	3.2	9.54	0.46
32	22	**Hannaford Bros**	596.9	40½– 4½	33⅞	2.01	16.9	0.36	0.50	1.5	11.43	0.34
141	142	**Hanover Insurance**	286.2	70 –12⅜	62¾	5.77	10.9	0.60	0.56	0.9	34.95	0.56
83	118	**Harcourt Brace**	396.5	38¾– 4⅛	30	1.97	15.2	1.11	0.40	1.3	8.95	0.30
725	828	**Harnischfeger Inds**	35.5	19¾– 5½	15¾	–1.94	def	0.33	none	0.0	16.95	1.08
865	887	**Harris Corp**	–22.8	51⅞–20⅜	31¾	1.56	20.4	0.60	0.88	2.8	22.37	0.70
556	451	**Harsco**	95.2	28⅞– 9⅞	25⅜	1.61	15.8	0.66	1.00	3.9	15.67	0.62
303	228	**Hartford National**	178.0	31¾– 8⅛	26⅞	2.97	9.0	1.20	1.20	4.5	16.55	0.62
363	121	**Hartmarx**	156.8	32 – 8	26¼	1.43	18.4	0.50	0.92	3.5	17.60	0.67
3	1	**Hasbro**	2,677.8	30⅞– ¾	23¼	1.75	13.3	0.85	0.09	0.4	8.19	0.35
393	369	**Hawaiian Electric**	148.0	35½–11¾	31	2.60	11.9	0.90	1.80	5.8	20.93	0.68
144	NR	**Hechinger**	282.2	24 – 4¾	18	0.83	21.7	1.03	0.06	0.3	5.65	0.31
771	648	**Heck's**	17.9	19⅜– 8½	12⅜	–1.73	def	0.19	0.04	0.3	10.22	0.83
524	515	**G Heileman Brewing**	105.2	44 –10½	24⅞	1.80	13.8	0.56	0.55	2.2	11.34	0.46
22	88	**HJ Heinz**	746.4	48¼– 8⅜	39½	1.12	35.4	1.20	1.00	2.5	5.08	0.13
NR	NR	**Henley Group**	NA	25¼–17¼	21	NA	NA	0.69	none	0.0	30.33	1.44
409	407	**Hercules**	143.1	60 –16⅞	55	3.73	14.7	1.17	1.76	3.2	27.13	0.49
157	78	**Hershey Foods**	270.8	30 – 5⅜	22¼	1.39	16.0	1.00	0.54	2.4	7.74	0.35
515	564	**Hewlett-Packard**	108.2	49⅝–18	41¼	2.02	20.4	1.49	0.22	0.5	15.50	0.38
NR	NR	**Highland Superstores**	NA	39¼–17	24¼	1.35	18.0	0.74	none	0.0	5.14	0.21

Note: Except as indicated, price changes are from Dec. 31, 1981 to Nov. 18, 1986. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ‡Three-year price change. NA: Not available. def: Deficit.

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
159	213	**Hillenbrand Inds**	269.4	49⅝–10⅝	46⅞	$2.29	20.5	1.50	$0.56	1.2%	$13.25	0.28
578	557	**Hilton Hotels**	86.2	80¼–27⅝	70¾	4.03	17.6	2.52	1.80	2.5	26.28	0.37
380	397	**Holiday Corp**	151.8*	75½–22⅝	70½	4.68	15.1	0.99	1.16	1.6	25.79	0.37
306	633	**Holly Corp**	177.1	21¼– 4⅞	18¾	3.16	5.9	0.22	none	0.0	5.18	0.28
602	NR	**Home Federal S&L**	79.5‡	38⅝–11¾	25⅛	5.01	5.0	0.45	0.20	0.8	33.78	1.34
NR	NR	**Home Group**	NA	31½–15½	17⅜	0.62	28.0	0.31	none	0.0	19.02	1.09
555	673	**Honeywell**	95.3	86½–29¾	68¼	4.89	14.0	0.44	2.00	2.9	56.08	0.82
184	178	**George A Hormel**	245.2	35 – 8	31½	1.93	16.3	0.33	0.56	1.8	16.22	0.51
736	651	**Hospital Corp**	30.9	56⅝–18⅝	33⅝	2.67	12.6	0.59	0.66	2.0	24.20	0.72
220	279	**Household Intl**	215.6	52½–14¾	48⅛	4.16	11.6	0.55	1.86	3.9	30.46	0.63
569	588	**Houston Industries**	89.0	37 –17½	34¼	3.81	9.0	1.05	2.80	8.2	25.88	0.76
383	272	**Hubbell**	151.4	36¼– 8½	27½	2.08	13.2	1.23	0.84	3.1	11.34	0.41
946	922	**Hughes Tool**	–80.7	44¾– 6¾	7¾	–9.06	def	0.48	0.08	1.0	16.80	2.17
726	467	**Humana**	35.4	36¾–12⅝	19¾	0.56	35.3	0.74	0.76	3.8	9.28	0.47
337	120	**Huntington Bancshs**	165.7	34⅜– 6⅞	24½	2.59	9.5	0.82	0.84	3.4	16.52	0.67
743	512	**EF Hutton Group**	27.4	54¼–17½	40	0.75	53.3	0.37	0.88	2.2	26.06	0.65
292	304	**IC Industries**	181.4	30⅜– 6⅛	24⅝	–1.16	def	0.60	0.80	3.2	15.99	0.65
17	7	**ICH**	842.1	32⅜– 1⅞	22⅜	3.58	6.3	0.75	none	0.0	7.84	0.35
961	931	**Ideal Basic Inds**	–93.7	26 – 1⅜	1⅜	–28.09	def	0.07	none	0.0	–8.90	NE
696	612	**Illinois Power**	45.5	32 –17⅝	30	3.92	7.7	1.62	2.64	8.8	24.53	0.82
200	262	**Illinois Tool Works**	228.4	50 –12¼	47⅝	1.62	29.4	1.67	0.72	1.5	16.01	0.34
761	784	**Imperial Corp of Am**	23.4	19⅜– 4¾	14½	1.34	10.8	0.21	none	0.0	12.38	0.85
848	865	**Inco**	–14.9	18¾– 7⅞	12⅛	–0.19	def	0.85	0.20	1.6	9.77	0.81
822	837	**Ingersoll-Rand**	–2.2	68⅞–35½	55¼	4.00	13.8	0.40	2.60	4.7	50.02	0.91
860	805	**Inland Steel Industries**	–19.8	35 –14½	18¾	–4.25	def	0.18	none	0.0	34.54	1.84
638	683	**Insilco**	69.5	23⅝–10⅛	21¾	1.36	16.0	0.58	1.00	4.6	15.22	0.70
931	NR	**Inspiration Resources**	–62.2‡	15¼– 3⅞	4¼	–4.11	def	0.25	none	0.0	4.25	1.00
490	NR	**Integrated Resources**	118.0	46 – 8⅞	23¼	0.32	72.7	0.22	none	0.0	28.36	1.22
613	607	**Intel**	77.8	49½–10⅜	20	–1.56	def	1.89	none	0.0	12.25	0.61
608	596	**Interco**	78.8	47⅝–17¾	42¼	3.03	13.9	0.49	1.60	3.8	35.31	0.84
948	904	**InterFirst**	–81.4	30½– 4¾	5	–3.92	def	0.18	none	0.0	17.60	3.52
242	NR	**Intergraph**	208.0	40½– 3⅞	19¼	1.25	15.4	1.78	none	0.0	7.28	0.38
486	480	**Interlake**	118.6	39½–10	38¼	2.65	14.5	0.56	1.30	3.4	31.42	0.82
194	NR	**Intermark**	232.9†	16⅜– 2¼	11½	–0.49	def	0.17	0.10	0.9	5.83	0.51
504	396	**IBM**	111.9	161⅞–55⅝	120½	9.89	12.2	1.44	4.40	3.7	51.98	0.43
540	565	**Intl Flavors & Frag**	100.0	48⅞–17⅜	39	2.23	17.5	2.44	1.16	3.0	11.52	0.30
849	861	**Intl Minerals & Chem**	–15.1	49 –23½	27½	–8.50	def	0.58	1.00	3.6	32.09	1.17
574	354	**Intl Multifoods**	87.5	31½–12¾	27½	1.92	14.3	0.27	1.18	4.3	18.51	0.67
592	695	**International Paper**	81.8	74⅝–32¾	71⅛	4.03	17.6	0.79	2.40	3.4	65.76	0.92
205	253	**Interpublic Group**	224.9	30½– 6⅜	26½	1.85	14.3	0.78	0.60	2.3	9.53	0.36
201	123	**Interstate Bakeries**	227.9	24½– 4½	23½	2.06	11.4	0.25	none	0.0	11.62	0.49
414	382	**Iowa-Illinois G&E**	141.7	46¾–17⅝	43½	3.85	11.3	1.03	2.90	6.7	28.35	0.65
471	597	**Iowa Resources**	123.0	27½–10¼	24¼	2.22	10.9	1.60	1.60	6.6	15.50	0.64
391	471	**Ipalco Enterprises**	148.2	29½–10⅛	25¾	1.96	13.1	1.96	1.52	5.9	14.75	0.57
567	530	**Irving Bank**	91.2	59¼–16⅜	48⅞	6.67	7.3	0.45	2.08	4.3	49.28	1.01
623	701	**ITT**	74.8	59½–20⅝	52	2.43	21.4	0.55	1.00	1.9	42.74	0.82
811	809	**IU International**	3.6	30⅜– 7⅞	14¼	–3.24	def	0.24	0.60	4.2	5.60	0.39
72	130	**James River Corp Va**	421.2	35 – 5⅞	30½	1.84	16.6	0.80	0.40	1.3	14.40	0.47
44	NR	**Jamesway**	485.3	31 – 3⅞	24⅞	1.43	17.4	0.30	0.12	0.5	14.16	0.57
285	182	**Jefferson-Pilot**	185.1	40½–10	32⅝	2.80	11.7	1.32	1.12	3.4	28.25	0.87
404	NR	**Jefferson Smurfit**	145.5‡	32¾– 7½	31	1.15	27.1	0.64	0.53	1.7	6.52	0.21
596	459	**Jerrico**	80.8	26⅜– 8⅞	19¼	1.30	14.8	0.72	0.12	0.6	9.42	0.49
152	531	**Jim Walter**	273.0	54⅝–10¼	46¼	4.64	10.0	0.63	1.40	3.0	34.81	0.75
620	603	**Johnson & Johnson**	75.8	74¼–28	65¼	2.00	32.6	1.68	1.40	2.1	18.33	0.28
379	541	**Johnson Controls**	152.0	65⅜–17½	61¾	4.71	13.1	0.45	2.12	3.4	37.90	0.61
841	675	**Earle M Jorgensen**	–13.3	31¾–18½	22¾	0.76	29.9	0.50	1.00	4.4	26.11	1.15
206	313	**Jostens**	223.8	19¼– 5⅜	18¾	0.97	19.4	1.12	0.48	2.6	4.66	0.25
875	858	**Joy Manufacturing**	–25.7	37¼–19	26	–4.73	def	0.67	1.40	5.4	23.88	0.92
653	517	**JWT Group**	64.2	41½– 9⅞	26	2.11	12.3	0.39	1.12	4.3	13.80	0.53
229	439	**K mart**	211.1	57⅜–15⅜	49	2.33	21.0	0.27	1.48	3.0	25.98	0.53
826	835	**Kaiser Alum & Chem**	–4.1	23¼–11½	14⅝	–3.09	def	0.30	none	0.0	23.31	1.59
140	112	**Kaman**	287.5	28 – 5¼	23¼	1.84	12.6	0.44	0.52	2.2	11.19	0.48
513	523	**Kansas City P&L**	108.8	32¼–14¼	30⅝	3.42	9.0	1.44	2.00	6.5	27.10	0.88

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Who's where in the stock market

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
703	356	**Kansas City Southern**	42.7	71⅛–22⅜	48⅞	$0.09	NM	1.02	$1.08	2.2%	$42.81	0.88
240	326	**Kansas Power & Light**	208.1	65 –17⅝	57	5.05	11.3	0.80	3.16	5.5	31.01	0.54
361	628	**Kaufman & Broad**	157.1	25⅞– 4⅜	18	1.87	9.6	0.28	0.33	1.8	13.41	0.75
482	877	**Kay**	119.8*	27⅜– 6⅛	25½	3.38	7.5	0.15	0.24	0.9	17.16	0.67
118	143	**Kellogg**	323.3	58¾–10¼	47⅝	2.45	19.4	1.81	1.08	2.3	5.54	0.12
27	60	**Kellwood**	702.8	38¾– 4	36⅛	3.06	11.8	0.51	0.84	2.3	22.60	0.63
102	69	**Kelly Services**	351.7	61½– 7¾	53	2.24	23.7	0.85	0.70	1.3	7.99	0.15
455	430	**Kemper**	126.7	35½– 7⅝	24¾	3.30	7.5	0.47	0.60	2.4	19.18	0.77
NR	NR	**Kenner Parker Toys**	NA	24 –13⅞	20¾	0.08	NM	0.55	none	0.0	15.65	0.75
302	489	**Kentucky Utilities**	179.2	48⅛–15	43⅝	2.90	15.0	1.51	2.52	5.8	23.83	0.55
816	661	**Kerr Glass Mfg**	1.9	21¼– 9⅜	13¼	–0.86	def	0.19	0.44	3.3	10.99	0.83
863	772	**Kerr-McGee**	–21.4	42¼–22½	29⅜	–5.63	def	0.50	1.10	3.7	34.65	1.18
153	137	**KeyCorp**	272.9	30⅝– 5⅜	22⅜	2.84	7.9	0.71	1.00	4.5	16.53	0.74
706	581	**Kidde**	41.9	38½–17	33	1.12	29.5	0.30	1.20	3.6	32.05	0.97
415	274	**Kimberly-Clark**	141.1	92⅝–28⅜	79¼	5.64	14.1	0.86	2.48	3.1	38.07	0.48
NR	NR	**KN Energy**	NA	24¼– 4⅞	19¾	0.22	NM	0.53	1.48	7.5	15.17	0.77
230	235	**Knight-Ridder**	210.7*	57⅞–13⅝	47	2.36	19.9	1.44	0.88	1.9	12.38	0.26
215	231	**Kraft**	219.2†	65⅞–16⅛	54	2.95	18.3	0.81	1.72	3.2	19.96	0.37
646	827	**Koppers**	66.9	30⅜–11¼	28⅜	–2.18	def	0.57	0.80	2.8	15.41	0.54
469	363	**Kroger**	123.1	35 –11⅝	29	1.01	28.9	0.15	1.05	3.6	13.61	0.47
154	318	**Laclede Gas**	272.5	39¾– 9	37¼	3.74	10.0	0.53	2.10	5.6	19.83	0.53
852	NR	**Lafarge**	–18.5‡	12⅞– 6⅜	9⅜	0.61	15.4	0.39	0.20	2.1	9.29	0.99
231	670	**Lear Siegler**	209.9	92 –20⅛	89⅞	3.31	27.2	0.63	2.00	2.2	34.40	0.38
609	699	**Leaseway Transport**	78.7	49¾–23¾	47⅛	5.46	8.6	0.38	1.50	3.2	28.97	0.61
151	NR	**Leggett & Platt**	274.6	36⅜– 5	27⅝	1.96	14.1	0.81	0.40	1.4	10.05	0.36
NR	NR	**Leslie Fay Cos**	NA	17¾–11¼	11½	1.09	10.6	0.41	none	0.0	–0.74	NE
522	234	**Life Investors**	105.2	50 –23⅝	49	4.15	11.8	0.48	0.24	0.5	38.51	0.79
357	567	**Eli Lilly**	158.0	83½–22½	72¼	4.01	18.0	2.82	1.80	2.5	17.12	0.24
4	3	**Limited**	2,404.2	34¼– 1⅛	29¾	1.06	28.1	1.90	0.16	0.5	2.25	0.08
462	257	**Lincoln National**	125.8	62¾–16⅞	45⅞	4.93	9.3	0.36	2.16	4.7	40.27	0.88
667	788	**Liquid Air**	57.1	36½–14¾	27½	2.42	11.4	0.62	1.60	5.8	22.81	0.83
690	752	**Litton Industries**	47.6*	93½–34⅝	80	2.52	31.7	0.48	none	0.0	37.09	0.46
7	NR	**Liz Claiborne**	1,633.0	48½– 2	42¼	1.87	22.6	2.42	0.25	0.6	3.80	0.09
211	84	**Lockheed**	220.9	60⅛–14½	50	6.47	7.7	0.32	1.00	2.0	23.17	0.46
74	76	**Loews**	416.1	72⅜–10⅝	61¼	6.86	8.9	0.65	1.00	1.6	29.97	0.49
797	740	**Lone Star Industries**	10.4	36¼–17⅝	30½	1.51	20.2	0.51	1.90	6.2	34.00	1.11
853	884	**Long Island Lighting**	–18.6	18 – 3¾	11½	3.21	3.6	0.64	none	0.0	25.90	2.25
454	469	**Longs Drug Stores**	126.8	38¾–12⅜	32¾	1.73	18.9	0.46	0.76	2.3	13.33	0.41
692	804	**Longview Fibre**	46.9	36¾–14½	35¼	2.57	13.7	0.84	1.40	4.0	19.44	0.55
424	549	**Loral**	137.3	48¾–11½	39¾	2.31	17.2	1.38	0.60	1.5	13.06	0.33
179	NR	**Lorimar-Telepictures**	247.7	33⅜– 3½	19⅛	–0.43	def	1.22	none	0.0	7.17	0.37
807	NR	**Louisiana Land**	5.1‡	38 –22¼	28½	–1.44	def	0.99	1.00	3.5	20.63	0.72
598	720	**Louisiana-Pacific**	80.2	33⅜–12⅜	30⅛	1.46	20.6	0.78	0.80	2.7	21.20	0.70
443	507	**Louisville Gas & Elec**	129.5	44⅜–17⅛	39⅞	3.19	12.5	1.18	2.60	6.5	25.12	0.63
188	197	**Lowe's Cos**	238.2	41½– 6¼	25⅞	1.58	16.4	0.46	0.40	1.5	10.99	0.42
955	917	**LTV**	–88.5	19⅞– 1⅞	1⅞	–9.87	def	0.02	none	0.0	6.52	3.48
717	850	**Lubrizol**	37.4	35⅛–14¼	32⅝	1.92	17.0	1.33	1.20	3.7	13.09	0.40
389	519	**Lucky Stores**	149.5	37⅞–12½	32¾	1.18	27.8	0.23	1.16	3.5	12.56	0.38
791	691	**Lukens**	12.5	17½– 8¾	14⅝	0.60	24.4	0.18	0.48	3.3	23.46	1.60
920	901	**M/A-Com**	–52.5	35⅛–11⅝	12	0.29	41.4	0.91	0.24	2.0	10.68	0.89
918	NR	**Mack Trucks**	–51.8‡	22⅜– 9⅛	10¼	–1.70	def	0.17	none	0.0	17.04	1.66
69	39	**Macmillan**	425.0	54¼– 5⅝	41¼	2.43	17.0	1.18	0.60	1.5	11.06	0.27
768	260	**Manhattan Industries**	19.2	23⅞– 8¾	11⅞	0.16	74.2	0.15	0.20	1.7	13.66	1.15
108	NR	**Manor Care**	338.8	25½– 2⅜	17⅞	0.97	18.4	1.47	0.12	0.7	4.34	0.24
279	694	**Manpower**	187.3	45 –10½	39¾	–1.31	def	0.60	none	0.0	5.28	0.13
760	663	**Manufacturers Hanover**	23.5	57¾–22½	44	8.72	5.0	0.23	3.24	7.4	70.08	1.59
98	139	**Manufacturers Natl**	360.0	53½– 5⅞	40¼	5.22	7.7	0.71	1.44	3.6	34.96	0.87
951	930	**Manville**	–84.0	16⅝– 2	2⅜	2.49	1.0	0.03	none	0.0	32.95	13.87
594	793	**Mapco**	81.1*	58 –20½	55	4.23	13.0	0.69	1.00	1.8	20.57	0.37
533	411	**Marine Midland Banks**	102.2	56½–13⅜	46	6.77	6.8	0.38	2.04	4.4	57.07	1.24
125	173	**Marriott**	311.1	39 – 6⅜	29½	1.37	21.5	0.81	0.13	0.4	6.48	0.22
167	319	**Marsh & McLennan**	259.1	76¾–14¾	59¼	3.13	18.9	2.55	1.90	3.2	7.02	0.12
308	308	**Marsh Supermarkets**	176.4*	18⅛– 5¾	16⅛	1.31	12.3	0.10	0.40	2.5	9.09	0.56

Note: Except as indicated, price changes are from Dec. 31, 1981 to Nov. 18, 1986. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. *Shares outstanding have declined by 10% or more in the last year. ‡Three-year price change. NA: Not available. NE: Negative equity. NM: Not meaningful. def: Deficit.

Who's where in the stock market

Rank 86	Rank 85	Company	5-year price change	1981-85 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
106	NR	**Marshall & Ilsley**	**342.5**	38¾–6⅜	29½	$2.94	10.0	0.90	$0.80	2.7%	$18.03	0.61
382	553	**Martin Marietta**	**151.6**	48½–9⅞	40¼	3.65	11.0	0.47	1.00	2.5	12.83	0.32
175	152	**Maryland National**	**251.1**	50⅞–9½	40⅜	4.76	8.5	0.75	1.30	3.2	25.32	0.63
307	289	**Masco**	**177.0†**	34½–6¾	25⅝	1.46	17.6	2.55	0.36	1.4	7.62	0.30
NR	NR	**Masco Industries**	**NA**	27¾–3	19½	0.39	50.0	1.13	none	0.0	2.88	0.15
832	696	**Mattel**	**–8.0**	31½–4⅞	10⅛	0.34	29.8	0.37	none	0.0	3.03	0.30
568	NR	**Maxicare Health Plans**	**89.1‡**	28½–7⅝	15⅛	1.01	15.0	0.74	none	0.0	6.67	0.44
121	159	**May Dept Stores**	**317.0**	44⅛–7⅝	34¾	2.30	15.1	0.54	1.04	3.0	15.88	0.46
23	NR	**Mayflower Group**	**739.7**	31¼–3	30¾	1.28	24.0	0.27	0.80	2.6	11.32	0.37
181	216	**Maytag**	**246.1**	54⅞–11⅛	44⅛	2.62	16.8	1.10	1.78	4.0	12.96	0.29
259	158	**MCA**	**194.6**	56½–12⅝	40⅝	2.43	16.7	1.32	0.68	1.7	18.69	0.46
481	431	**McCormick**	**119.9**	45⅝–17⅝	42⅞	2.39	17.9	0.54	0.88	2.1	21.38	0.50
910	890	**McDermott Intl**	**–46.1**	41⅞–13⅝	20½	5.96	3.4	0.23	1.80	8.8	32.57	1.59
227	147	**McDonald's**	**211.7**	76¾–17⅛	60⅜	3.64	16.6	1.90	0.66	1.1	16.66	0.28
336	598	**McDonnell Douglas**	**166.0**	91⅛–28⅝	79⅛	6.93	11.4	0.26	2.08	2.6	65.34	0.83
491	426	**McGraw-Hill**	**117.9**	63–22⅜	56⅜	3.02	18.7	1.84	1.52	2.7	15.39	0.27
869	179	**MCI Communications**	**–23.5**	28½–6	6½	0.40	16.3	0.54	none	0.0	5.59	0.86
611	535	**McKesson**	**78.2**	35¼–14½	32¾	2.07	15.8	0.20	1.28	3.9	16.61	0.51
939	NR	**McLean Industries**	**–72.1‡**	15½–2⅞	3	–6.00	def	0.09	none	0.0	6.97	2.32
932	794	**MCorp**	**–63.1**	34⅞–10⅞	11⅛	–1.73	def	0.21	1.40	12.6	26.46	2.38
403	569	**Mead**	**145.7**	60⅞–13½	56½	2.86	19.8	0.60	1.20	2.1	33.26	0.59
464	214	**Media General**	**125.5**	49½–16⅞	44¼	2.44	18.2	1.01	0.64	1.4	21.69	0.49
689	563	**Mellon Bank**	**48.3**	72½–27½	54½	7.35	7.4	0.43	2.76	5.1	60.47	1.11
248	217	**Melville**	**204.6**	73¾–18¼	57½	4.27	13.5	0.61	1.56	2.7	20.39	0.35
101	NR	**MeraBank**	**355.8‡**	50¼–9⅛	50⅛	5.18	9.7	0.62	0.76	1.5	28.27	0.56
386	337	**Mercantile Bancorp**	**150.0**	37⅛–11	30	3.65	8.2	0.69	1.40	4.7	27.50	0.92
109	55	**Mercantile Stores**	**338.5**	117–21⅜	98	7.31	13.4	0.74	1.50	1.5	46.01	0.47
421	589	**Merck & Co**	**139.2**	116¾–32	101⅜	4.55	22.3	3.62	2.20	2.2	18.77	0.19
209	129	**Meredith**	**221.4**	82¾–17⅝	67½	4.29	15.7	1.15	1.00	1.5	32.03	0.47
500	NR	**Meridian Bancorp**	**112.6‡**	27⅝–9½	22½	2.40	9.4	0.79	1.00	4.4	15.63	0.69
881	NR	**Meritor Financial Group**	**–27.8‡**	13⅛–6⅞	8⅛	–0.32	def	0.16	0.20	2.5	27.21	3.35
465	490	**Merrill Lynch**	**124.9**	56½–10½	37¼	3.20	11.6	0.45	0.80	2.1	22.98	0.62
NR	NR	**Fred Meyer**	**NA**	14⅝–13½	14¼	1.17	12.2	0.18	none	0.0	5.87	0.41
572	377	**Michigan National**	**87.7**	44–9¾	35¼	3.44	10.4	0.57	1.20	3.4	28.15	0.79
799	795	**Middle South Utils**	**7.9**	16¾–8⅛	13⅝	1.87	7.3	0.80	none	0.0	19.10	1.40
145	99	**Midlantic Banks**	**281.1**	52⅛–9⅞	42⅞	5.36	8.0	0.87	1.36	3.2	28.92	0.67
349	134	**Herman Miller**	**160.9**	31–6⅛	20	1.45	13.8	0.92	0.44	2.2	7.83	0.39
558	610	**Minn Mining & Mfg**	**95.0**	116–48¾	106¼	6.45	16.5	1.44	3.60	3.4	34.98	0.33
1	6	**Minstar**	**4,400.0**	35½–⅜	22½	2.23	10.1	0.37	none	0.0	13.50	0.60
913	905	**Mitchell Energy**	**–47.9**	33⅛–9⅛	11	0.66	16.7	0.71	0.24	2.2	12.08	1.10
659	814	**Mobil**	**62.2**	39⅜–19½	39⅛	3.99	9.8	0.32	2.20	5.6	34.50	0.88
233	209	**Mohasco**	**209.1**	31⅞–6½	25½	1.43	17.8	0.31	0.36	1.4	23.37	0.92
341	205	**Monarch Capital**	**164.8***	79½–17	60¼	8.10	7.4	0.37	none	0.0	41.53	0.69
11	40	**Monfort of Colorado**	**981.1**	63–4⅜	50	5.84	8.6	0.14	none	0.0	21.24	0.42
515	643	**Monsanto**	**108.2**	79–28¼	73	0.46	NM	0.80	2.60	3.6	44.39	0.61
682	734	**Montana Power**	**51.5**	43⅜–16⅝	38⅝	5.55	7.0	1.33	2.48	6.4	30.53	0.79
584	485	**Moore Corp**	**84.1**	27⅝–8½	20¼	1.48	13.7	0.83	0.72	3.6	10.09	0.50
895	829	**Moore McCormack**	**–34.3**	29½–11⅝	19⅛	–13.66	def	0.42	0.52	2.7	39.21	2.05
252	338	**JP Morgan**	**201.4**	96–22¾	81	9.33	8.7	1.05	2.45	3.0	47.40	0.59
NR	NR	**Morgan Stanley Group**	**NA**	82–61⅜	70¾	7.80	9.1	0.74	0.70	1.0	15.70	0.22
237	NR	**Morrison**	**208.4**	25¾–7⅜	24⅛	0.82	29.4	0.64	0.48	2.0	10.49	0.43
656	745	**Morrison-Knudsen**	**63.8**	52¼–15¾	43	3.81	11.3	0.21	1.48	3.4	37.77	0.88
468	757	**Morse Shoe**	**123.4**	39¾–10	31	1.67	18.6	0.29	0.80	2.6	24.46	0.79
199	92	**Morton Thiokol**	**228.6**	40½–9¼	37⅜	2.77	13.5	0.91	0.76	2.0	17.46	0.47
579	593	**Motorola**	**85.7**	50–16⅜	35¼	1.41	25.4	0.80	0.64	1.8	19.15	0.54
295	89	**Munford**	**181.2**	26⅞–6⅛	21¼	0.95	22.4	0.17	0.54	2.5	13.92	0.66
850	854	**Murphy Oil**	**–15.4**	38⅞–15½	26	0.87	29.9	0.55	1.00	3.8	29.39	1.13
228	441	**Nacco Industries**	**211.4**	29¾–6¾	27¼	3.83	7.1	0.44	0.50	1.8	16.80	0.62
800	756	**Nalco Chemical**	**7.5**	37–18	27	1.68	16.1	1.45	1.20	4.4	9.81	0.36
154	149	**Nash Finch**	**272.5**	38¼–13½	37¼	2.67	14.0	0.13	1.05	2.8	21.03	0.56
331	689	**Nashua**	**167.6**	28⅛–4¼	23¼	2.29	10.2	0.32	0.20	0.9	15.48	0.67
212	361	**National City**	**220.8**	49⅜–10⅜	43⅛	5.22	8.3	0.84	1.50	3.5	25.98	0.60
708	222	**Natl Convenience**	**40.3**	18½–5⅜	9⅞	0.17	58.1	0.25	0.36	3.6	3.86	0.39

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Rank		Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
86	85											
612	657	**National Distillers**	78.0	47⅝–18⅞	42½	$2.27	18.7	0.64	$2.20	5.2%	$29.77	0.70
287	408	**National Fuel Gas**	184.0	41½–11⅝	38¼	3.50	10.9	0.50	2.28	6.0	27.03	0.71
899	717	**National Intergroup**	–36.8	37⅝–13⅝	14⅝	–2.57	def	0.08	0.25	1.7	38.54	2.64
582	577	**National Medical**	85.3	32⅞– 9¼	25¾	1.20	21.5	0.65	0.60	2.3	12.83	0.50
648	760	**Natl Semiconductor**	66.7	20 – 4⅜	10⅝	–1.13	def	0.61	none	0.0	7.25	0.68
168	133	**National Service**	258.6	39⅞– 8½	34⅛	2.17	15.7	0.87	0.96	2.8	12.72	0.37
847	715	**National-Standard**	–14.8	18 – 7⅛	12¼	0.48	25.5	0.19	0.40	3.3	22.35	1.82
866	918	**Navistar International**	–22.8	14¾– 2¾	5½	–0.18	def	0.18	none	0.0	–0.21	NE
183	194	**NBD Bancorp**	245.3	37½– 6⅝	27⅝	3.71	7.5	0.69	1.20	4.3	26.10	0.94
312	184	**NCNB**	175.6	27¾– 5⅞	20½	2.48	8.3	0.73	0.84	4.1	14.23	0.69
128	410	**NCR**	308.0	57 – 9⅝	44½	3.38	13.2	0.92	0.92	2.1	23.68	0.53
395	328	**New England Electric**	147.5	35¼–11⅞	30⅝	3.04	10.1	1.13	1.92	6.3	18.82	0.61
485	505	**NY State Elec & Gas**	119.2	38½–14	32⅞	3.76	8.7	1.40	2.64	8.0	24.65	0.75
63	93	**New York Times**	439.6	42 – 5⅜	34⅝	1.58	22.0	1.83	0.36	1.0	7.24	0.21
732	747	**Newmont Mining**	33.3	63⅜–27⅝	57½	1.68	34.2	2.24	1.00	1.7	46.29	0.81
707	504	**Niagara Mohawk Power**	41.4	25½–11⅞	17½	2.74	6.4	0.83	2.08	11.9	19.61	1.12
839	840	**Nicor**	–10.5	34½–19	29⅞	–3.61	def	0.45	1.80	6.0	13.33	0.45
829	642	**NIKE**	–6.2	28 – 6⅝	13¼	1.30	10.2	0.50	0.40	3.0	8.39	0.63
956	912	**NL Industries**	–88.7	39¾– 3⅜	4½	–5.42	def	0.33	none	0.0	12.61	2.80
56	70	**Nordstrom**	461.9	51¼– 6⅝	44¼	1.52	29.1	1.21	0.26	0.6	8.43	0.19
683	629	**Norfolk Southern**	51.1††	99¼–40¼	82¾	7.85	10.5	1.28	3.40	4.1	75.59	0.91
378	203	**Norstar Bancorp**	152.4	33 – 9⅝	26½	2.77	9.6	0.96	1.40	5.3	17.83	0.67
585	NR	**Nortek**	83.8	25⅝– 5⅝	17	2.66	6.4	0.21	0.08	0.5	17.87	1.05
540	446	**North Amer Philips**	100.0	48 –15	39	1.64	23.8	0.25	1.00	2.6	36.38	0.93
289	359	**Northeast Utilities**	183.6	28¼– 8¾	25⅞	2.80	9.2	1.37	1.68	6.5	16.21	0.63
798	811	**No Indiana Pub Svc**	9.1	15½– 8⅛	12	–0.42	def	0.50	none	0.0	13.73	1.14
288	309	**No States Power**	183.9	40⅛–11⅝	34¼	3.15	10.9	1.17	1.90	5.5	19.73	0.58
216	267	**Northern Trust**	218.4	47 –11⅛	39	3.06	12.7	0.76	0.92	2.4	24.88	0.64
412	323	**Northrop**	142.7	56⅝–13⅛	42⅜	1.23	34.5	0.36	1.20	2.8	19.42	0.46
445	427	**No'Western Natl Life**	129.4	36½– 9¼	31¼	4.03	7.8	0.31	0.86	2.8	30.20	0.97
906	853	**Northwestern Steel**	–41.3	26¾– 8	14¾	0.41	36.0	0.31	none	0.0	21.05	1.43
840	868	**Norton**	–13.0	47⅞–23¾	37½	–6.28	def	0.66	2.00	5.3	24.84	0.66
681	750	**Norwest**	51.6	41⅜–17	36	3.28	11.0	0.46	1.80	5.0	36.77	1.02
686	623	**Nucor**	49.4	46⅛–11⅜	29¾	2.74	10.9	0.83	0.32	1.1	16.65	0.56
958	936	**NVF**	–91.2	3¾– ⅛	¼	–1.18	def	0.02	none	0.0	–1.11	NE
510	371	**NWA**	109.3	61⅛–22¼	56½	2.77	20.4	0.40	0.90	1.6	43.49	0.77
540	NR	**Nynex**	100.0‡	73¼–29¼	61½	5.94	10.4	1.13	3.48	5.7	41.30	0.67
790	739	**Occidental Petroleum**	13.0	36¾–17	27⅛	0.70	38.8	0.30	2.50	9.2	27.15	1.00
636	707	**Ogden**	69.9	48 –17½	44⅜	–0.66	def	0.95	1.80	4.1	15.08	0.34
411	NR	**Ogilvy Group**	142.9	42 – 9½	25½	2.03	12.6	0.65	0.80	3.1	10.23	0.40
597	355	**Ohio Casualty**	80.3	91 –30½	75½	7.79	9.7	0.63	3.00	4.0	47.78	0.63
624	618	**Ohio Edison**	74.2	22½– 9⅜	20¼	2.44	8.3	1.68	1.92	9.5	16.29	0.80
405	450	**Oklahoma Gas & Elec**	145.1	38¾–13⅜	34⅝	2.61	13.3	1.34	2.08	6.0	18.89	0.55
457	161	**Old Republic Intl**	126.3	42¼–12⅜	30½	4.00	7.6	0.38	0.78	2.6	27.81	0.91
593	483	**Olin**	81.8	53¼–15½	43⅝	3.33	13.1	0.59	1.60	3.7	29.89	0.69
783	NR	**Omnicom Group**	14.8	29 –13¾	20⅜	0.07	NM	0.67	0.98	4.8	7.03	0.35
748	798	**Oneok**	26.2	35 –23¾	34⅞	2.48	14.1	0.65	2.56	7.3	29.61	0.85
368	357	**Orange & Rockland**	155.1	40 –13⅛	34⅛	2.94	11.6	0.88	2.18	6.4	20.98	0.61
587	NR	**Orion Capital**	82.9	40¼–10¼	26¾	–1.86	def	0.36	0.76	2.8	23.37	0.87
269	83	**Outboard Marine**	191.3	38½– 7⅞	29⅛	0.66	44.1	0.51	0.64	2.2	22.77	0.78
NR	637	**Owens-Corning**	NA	12½– 9⅞	9⅞	1.46	6.8	0.08	none	0.0	31.70	3.21
290	378	**Owens-Illinois**	181.8	45¾–10⅜	41¾	3.06	13.6	0.69	0.95	2.3	25.67	0.61
384	64	**Oxford Industries**	150.3	25⅞– 4⅝	14	0.98	14.3	0.30	0.46	3.3	11.51	0.82
739	646	**Paccar**	29.0	60 –26¼	47½	2.68	17.7	0.48	1.40	2.9	39.40	0.83
441	470	**Pacific Gas & Elec**	129.8	27½–10	24⅛	2.65	9.1	1.09	1.92	8.0	18.05	0.75
629	390	**Pacific Lighting**	71.6	57½–22½	46¾	2.14	21.8	0.50	3.48	7.4	35.52	0.76
766	735	**Pacific Resources**	21.1	17⅜– 5⅝	16	1.54	10.4	0.28	none	0.0	8.74	0.55
580	NR	**Pacific Telesis**	85.6‡	62¼–25⅝	51½	4.88	10.6	1.24	3.04	5.9	34.08	0.66
539	615	**PacifiCorp**	100.7	38 –16¼	35⅞	3.27	11.0	1.19	2.40	6.7	23.84	0.66
499	420	**PaineWebber Group**	112.9	49⅛– 8¼	32¼	2.51	12.8	0.35	0.52	1.6	18.16	0.56
526	468	**Pan Am**	104.5	9½– 2⅜	5⅝	0.21	26.8	0.24	none	0.0	3.36	0.60
NR	812	**Panhandle Eastern**	NA	27⅝–24¼	25⅞	–8.94	def	0.54	2.00	7.7	37.89	1.46
655	526	**Parker-Hannifin**	63.9	30½– 9⅞	25	2.00	12.5	0.63	0.80	3.2	14.89	0.60

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Who's where in the stock market

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
NR	NR	**Pay'n Save**	NA	16¼– 6¼	7	NA	NA	0.23	none	0.0%	NA	NA
480	301	**Payless Cashways**	120.0	34½– 7⅝	17⅞	$1.23	14.5	0.41	$0.16	0.9	$ 9.61	0.54
534	409	**Penn Central**	101.8	62½–20⅛	55½	2.56	21.7	0.89	none	0.0	45.32	0.82
150	464	**Penn Traffic**	276.2	24 – 5¾	23¾	1.74	13.6	0.19	0.68	2.9	14.00	0.59
305	320	**JC Penney**	177.7	86¾–25	79½	6.46	12.3	0.41	2.48	3.1	54.32	0.68
459	497	**Pennsylvania P&L**	126.3	43⅜–16½	38¾	2.87	13.5	1.33	2.60	6.7	25.58	0.66
571	614	**Pennwalt**	88.0*	59 –21½	50¾	2.27	22.4	0.47	2.20	4.3	28.88	0.57
692	666	**Pennzoil**	46.9	91 –23⅝	70½	–0.81	def	1.50	2.20	3.1	18.23	0.26
272	176	**Pentair**	188.5	32¾– 7¼	24	1.56	15.4	0.37	0.66	2.8	15.65	0.65
878	243	**People Express**	–26.7	25⅞– 2¾	2⅞	–11.32	def	0.06	none	0.0	6.24	2.17
313	322	**Peoples Energy**	175.0	23¾– 7	22	2.27	9.7	0.48	1.32	6.0	13.07	0.59
479	283	**PepsiCo**	120.6	35⅝–10⅜	26¾	1.65	16.2	0.77	0.64	2.4	6.98	0.26
NR	NR	**Perini**	NA	34 –23	27⅞	0.89	31.3	0.12	0.80	2.9	25.63	0.92
815	800	**Perkin-Elmer**	2.3	37½–17	27⅝	1.53	18.1	0.95	0.60	2.2	15.73	0.57
156	NR	**Perry Drug Stores**	271.3	20⅞– 3¾	12⅜	0.54	22.9	0.20	0.22	1.8	5.19	0.42
271	224	**Petrie Stores**	190.4	35¾– 8½	30⅛	1.74	17.3	1.22	0.70	2.3	10.20	0.34
492	465	**Pfizer**	117.8	72⅞–24⅞	58	3.79	15.3	2.18	1.64	2.8	17.87	0.31
912	879	**Phelps Dodge**	–47.2	34 –12⅞	17¾	0.92	19.3	0.56	none	0.0	28.65	1.61
727	559	**PHH Group**	34.9	47 –17¼	32⅜	2.28	14.2	0.60	1.04	3.2	16.43	0.51
643	655	**Philadelphia Elec**	67.9	24⅛– 9	22⅞	2.80	8.2	1.38	2.20	9.6	17.97	0.79
318	502	**Philip Morris Cos**	174.9	78 –22	67	5.82	11.5	0.79	2.30	3.4	19.85	0.30
864	849	**Phillips Petroleum**	–22.2	18¾– 7⅞	10½	1.24	8.5	0.21	0.60	5.7	8.47	0.81
73	46	**Phillips-Van Heusen**	420.6	44¼– 6¼	41	2.96	13.9	0.47	0.40	1.0	24.65	0.60
544	177	**Piedmont Aviation**	99.4	48⅞–18⅜	44⅞	3.60	12.5	0.47	0.32	0.7	29.86	0.67
164	175	**Pillsbury**	265.9	41¼– 8⅝	36¼	2.43	14.9	0.26	1.00	2.8	15.12	0.42
777	521	**Pioneer Hi-Bred Intl**	16.6	43¾–20¼	29⅞	2.31	12.9	1.08	1.04	3.5	14.47	0.48
71	240	**Pitney Bowes**	424.0	34¾– 5⅜	32¾	2.07	15.9	1.29	0.66	2.0	10.22	0.31
921	888	**Pittston**	–53.2	25½– 9⅜	11¾	0.22	53.4	0.37	none	0.0	13.22	1.13
570	434	**Pittway**	88.9	107½–41⅜	102	6.67	15.3	0.81	1.80	1.8	56.72	0.56
552	NR	**PNC Financial**	95.9‡	51 –15⅞	42	4.61	9.1	1.09	1.52	3.6	22.96	0.55
210	575	**Polaroid**	221.3	73⅝–16¾	65⅞	2.91	22.6	1.32	1.00	1.5	29.79	0.45
335	349	**Ponderosa**	167.0	26 – 8	24¼	1.22	19.9	0.46	0.40	1.6	14.98	0.62
358	473	**Portland General**	158.0	36¾–11⅞	32¼	3.00	10.8	1.84	1.96	6.1	20.13	0.62
600	742	**Potlatch**	79.8*	61 –19	53½	3.79	14.1	0.74	1.68	3.1	36.26	0.68
180	245	**Potomac Electric**	246.6	59¼–13¾	50¼	4.01	12.5	1.74	2.36	4.7	21.41	0.43
165	282	**PPG Industries**	263.6*	72 –14½	68⅝	5.10	13.5	0.89	1.92	2.8	28.77	0.42
NR	NR	**Premark International**	NA	21½–17½	20⅞	0.20	NM	0.37	0.20	1.0	NA	NA
313	2	**Price Co**	175.0††	55¾– 3	33	1.25	26.4	0.58	none	0.0	3.53	0.11
219	641	**Primark**	215.8	29 – 7	25	2.63	9.5	0.29	1.10	4.4	21.50	0.86
819	834	**Prime Computer**	0.0	30¼–10⅜	15¾	1.04	15.1	0.90	none	0.0	8.06	0.51
605	438	**Procter & Gamble**	79.2	82½–38	72	4.32	16.7	0.75	2.70	3.8	33.90	0.47
626	315	**Provident Life & Acc**	74.1	33 – 8⅝	24⅜	3.51	6.9	0.48	0.84	3.4	24.01	0.99
668	810	**PS Group**	57.0	35⅛–15	31	0.07	NM	0.27	0.60	1.9	32.21	1.04
762	609	**Public Service Colo**	22.8	24¼–13⅜	17½	1.50	11.7	0.54	2.00	11.4	17.15	0.98
868	906	**Public Service Ind**	–23.5	27½– 6⅞	15½	2.09	7.4	0.77	none	0.0	3.20	0.21
905	882	**Public Service NH**	–40.3	20 – 3½	8⅞	2.39	3.7	0.64	none	0.0	26.54	2.99
698	NR	**Public Service NM**	44.7	37⅞–19½	34⅜	3.30	10.4	2.01	2.92	8.5	25.73	0.75
436	476	**Public Svc Enterprise**	131.9	48¼–17⅝	41¾	4.19	10.0	1.24	2.96	7.1	28.61	0.69
64	81	**Pueblo International**	437.9	24⅜– 3⅜	19½	1.56	12.5	0.11	0.20	1.0	14.07	0.72
649	660	**Puget Sound P&L**	66.3	25¼– 9¼	21⅝	1.83	11.8	1.47	1.76	8.1	15.70	0.73
273	NR	**Pullman-Peabody**	188.3††	10⅝– ⅝	7¾	0.40	19.4	0.64	0.12	1.5	1.54	0.20
169	91	**Pulte Home**	257.3	37½– 3¼	13⅝	0.76	17.9	0.40	0.12	0.9	7.19	0.53
874	815	**Purolator Courier**	–25.7	70 –15	26¾	–6.24	def	0.25	none	0.0	23.28	0.87
113	115	**Quaker Oats**	333.6	42⅜– 8	38¾	2.33	16.6	0.81	0.85	2.2	10.65	0.27
502	688	**Quaker State Oil**	112.1	30 – 9⅞	26¼	2.08	12.6	0.75	1.00	3.8	13.05	0.50
431	653	**Questar**	135.2	39 –12⅜	37⅝	2.49	15.1	1.15	1.80	4.8	23.19	0.62
432	248	**Rainier Bancorp**	132.4	43¾– 8⅝	31⅜	3.33	9.4	0.78	1.08	3.4	24.68	0.79
53	80	**Ralston Purina**	466.7	77 –10⅞	68	5.37	12.7	0.94	1.10	1.6	11.53	0.17
784	706	**Ramada Inns**	14.3	11⅞– 4¼	7	0.28	25.0	0.43	none	0.0	7.22	1.03
710	693	**Raychem**	39.6	140 –37	82⅜	4.75	17.3	1.15	0.44	0.5	39.44	0.48
630	767	**Raytheon**	71.2	67⅜–28¼	64	5.03	12.7	0.71	1.80	2.8	24.84	0.39
377	242	**Reichhold Chemicals**	152.7	43⅛–10	28¾	–3.38	def	0.27	0.80	2.8	24.14	0.84
NR	NR	**Reliance Group Holding**	NA	10⅝– 8⅛	8⅛	0.12	67.7	0.21	0.16	2.0	3.90	0.48

Note: Except as indicated, price changes are from Dec. 31, 1981 to Nov. 18, 1986. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. *Shares outstanding have declined by 10% or more in the last year. ††Four-year price change. ‡Three-year price change. NA: Not available. NM: Not meaningful. def: Deficit.

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
521	525	**Republic New York**	**105.3**	52½–14⅞	52	$4.81	10.8	1.03	$1.12	2.2%	$29.29	0.56
902	700	**RepublicBank**	**–38.6**	38¼–21½	22½	2.53	8.9	0.31	1.64	7.3	39.65	1.76
531	538	**Research-Cottrell**	**102.5**	32⅜–9¾	30⅞	2.17	14.2	0.52	0.32	1.0	18.80	0.61
275	493	**Resorts International**	**188.0**	77–15⅛	47⅞	–1.77	def	0.74	none	0.0	20.73	0.43
440	413	**Revco DS**	**130.1***	39⅞–14¼	37	1.65	22.4	0.43	0.80	2.2	12.11	0.33
694	817	**Revere Copper**	**46.6**	21¾–4¾	21⅝	–5.26	def	0.39	none	0.0	10.79	0.50
221	297	**Revlon Group**	**215.2**	19¼–3	13	–0.44	def	0.34	none	0.0	3.24	0.25
796	816	**Rexnord**	**10.6**	22¼–8½	17	1.23	13.8	0.38	0.44	2.6	18.82	1.11
573	748	**Reynolds Metals**	**87.5**	52¾–18¾	45	2.32	19.4	0.27	1.00	2.2	45.43	1.01
460	362	**Riggs National**	**125.9**	41½–9¼	30½	2.79	10.9	0.93	1.10	3.6	20.73	0.68
255	335	**Rite Aid**	**198.7**	35½–9	28½	1.71	16.7	0.71	0.58	2.0	9.65	0.34
372	583	**RJR Nabisco**	**154.0†**	55⅛–16	47⅞	3.79	12.6	0.73	1.60	3.3	19.14	0.40
621	676	**RLC**	**75.0††**	11¼–3⅞	10½	0.73	14.4	0.45	0.20	1.9	6.05	0.58
613	484	**Roadway Services**	**77.8**	45¾–15¼	34	1.88	18.1	0.79	1.10	3.2	15.37	0.45
934	702	**HH Robertson**	**–63.3**	48½–11¼	11¼	–6.68	def	0.11	none	0.0	22.38	1.99
871	778	**AH Robins**	**–24.0**	29⅜–5½	9⅛	2.99	3.1	0.29	none	0.0	–1.95	NE
640	429	**Rochester Gas & Elec**	**68.5**	29⅞–10	24⅛	3.24	7.4	0.92	2.20	9.1	23.79	0.99
401	561	**Rockwell Intl**	**145.8**	48⅞–12½	40¼	4.12	9.8	0.48	1.20	3.0	19.53	0.49
207	202	**Rohm & Haas**	**222.1**	36¾–7⅝	32¾	1.94	16.9	1.09	0.80	2.4	13.59	0.41
88	85	**Rohr Industries**	**378.0**	36⅜–6⅞	29⅞	2.70	11.1	0.84	none	0.0	17.80	0.60
NR	NR	**Rollins**	**NA**	18¼–4⅛	16⅜	0.82	20.0	1.21	0.48	2.9	1.61	0.10
62	250	**Roper Corp**	**446.3***	39⅜–4⅞	36⅞	3.49	10.6	0.28	0.96	2.6	15.88	0.43
466	360	**Rorer Group**	**124.8**	47½–16⅝	40¾	6.49	6.3	1.31	1.16	2.8	12.28	0.30
28	35	**Rose's Stores**	**677.8**	23–1⅞	17½	1.32	13.3	0.31	0.21	1.2	7.84	0.45
85	43	**Rubbermaid**	**393.5**	28½–4⅝	22¾	0.93	24.5	2.19	0.28	1.2	4.16	0.18
449	305	**Ruddick**	**128.6**	18⅝–6	15	1.40	10.7	0.15	0.44	2.9	11.41	0.76
396	725	**Ryan Homes**	**147.3**	50¾–12	46⅜	3.43	13.5	0.53	1.20	2.6	21.86	0.47
162	239	**Ryder System**	**266.9**	34¾–7⅛	32⅞	2.02	16.3	0.69	0.44	1.3	12.17	0.37
258	154	**Rykoff-Sexton**	**195.7**	32⅜–7¾	25⅞	1.01	25.6	0.17	0.60	2.3	13.05	0.50
78	NR	**Ryland Group**	**400.8**	27⅝–2⅝	18	1.88	9.6	0.35	0.40	2.2	6.54	0.36
326	259	**Safeco**	**169.6**	64–14⅞	53¼	6.66	8.0	0.72	1.70	3.2	32.87	0.62
96	294	**Safeway Stores**	**367.0**	67⅛–12⅝	61⅞	2.89	21.4	0.19	1.70	2.7	26.67	0.43
685	403	**St Paul Cos**	**50.4**	54⅛–17⅞	36¾	3.79	9.7	0.55	1.50	4.1	25.25	0.69
253	150	**Salomon**	**201.0**	59⅜–10	39⅛	3.80	10.3	0.23	0.64	1.6	19.93	0.51
280	329	**San Diego Gas & Elec**	**187.0**	42½–11¾	35⅞	3.54	10.1	1.19	2.38	6.6	20.65	0.58
752	NR	**Santa Fe Southern**	**25.2‡**	39⅝–20¼	32⅞	1.53	21.5	0.90	1.00	3.0	33.97	1.03
117	94	**Sara Lee**	**323.8**	38⅞–7½	33⅜	2.07	16.1	0.44	1.00	3.0	11.29	0.34
352	28	**Savannah Foods**	**160.0**	37½–8½	22¾	2.03	11.2	0.24	0.88	3.9	16.01	0.70
937	909	**Savin**	**–67.7**	10⅞–1⅝	2⅝	–4.67	def	0.15	none	0.0	–4.34	NE
355	461	**Scana**	**158.3**	42⅞–14½	38¾	2.92	13.3	1.42	2.24	5.8	20.01	0.52
299	604	**Schering-Plough**	**179.9**	88–26¼	78⅜	4.18	18.8	2.13	1.80	2.3	28.59	0.36
908	895	**Schlumberger**	**–43.2**	62⅝–27¼	31¾	–0.69	def	1.67	1.20	3.8	23.24	0.73
422	278	**SCI Systems**	**138.2**	30½–5¼	16⅞	1.03	16.4	0.51	none	0.0	8.29	0.49
149	350	**Scott Paper**	**278.1***	66⅜–13⅝	60½	4.87	12.4	0.67	1.36	2.2	32.60	0.54
751	NR	**Scotty's**	**25.8**	21⅛–8⅛	12¾	0.84	15.2	0.37	0.52	4.1	11.65	0.91
225	334	**Seagram**	**213.0**	64–14½	60⅛	4.30	14.0	2.53	1.00	1.7	37.31	0.62
652	389	**Sealed Power**	**65.1**	32⅝–12½	26⅝	2.26	11.8	0.50	1.10	4.1	20.86	0.78
360	266	**Sears, Roebuck**	**157.4**	50⅜–15½	41½	3.67	11.3	0.36	1.76	4.2	31.70	0.76
525	339	**Seaway Food Town**	**104.7***	23½–8	22	0.97	22.7	0.09	0.68	3.1	19.19	0.87
512	387	**Security Pacific**	**109.1**	40¼–10¼	35½	4.68	7.6	0.47	1.48	4.2	29.90	0.84
634	271	**Service Merchandise**	**70.2**	27–4¾	10	–1.19	def	0.14	0.08	0.8	9.85	0.99
564	333	**ServiceMaster Inds**	**92.6**	30⅞–10½	23¾	1.04	22.8	0.71	0.88	3.7	2.33	0.10
586	682	**Shaklee**	**83.2**	42¼–7	21¾	4.48	4.9	0.71	0.72	3.3	12.59	0.58
21	29	**Shaw Industries**	**751.9**	23⅜–1¾	18⅜	1.45	12.7	0.54	0.40	2.2	8.29	0.45
350	238	**Shawmut**	**160.8**	55½–15⅝	48¼	5.26	9.2	0.85	1.84	3.8	37.43	0.78
NR	NR	**Shaw's Supermarkets**	**NA**	23½–19	20¾	1.24	16.7	0.26	none	0.0	6.05	0.29
87	66	**Sherwin-Williams**	**386.4**	32¼–4½	26¾	1.75	15.3	0.53	0.50	1.9	10.10	0.38
139	NR	**Shoney's**	**294.6**	31–5⅝	25¾	1.18	21.8	1.55	0.14	0.5	6.10	0.24
112	63	**Signet Banking**	**333.9**	38½–7	32	3.42	9.4	0.89	1.24	3.9	17.97	0.56
274	165	**Singer**	**188.3†**	59⅞–11⅛	40	4.28	9.3	0.41	0.40	1.0	23.89	0.60
835	738	**Skyline**	**–8.4**	30¾–11½	13⅝	0.94	14.5	0.49	0.48	3.5	11.32	0.83
322	265	**AO Smith**	**172.2**	32⅛–4⅞	22	3.80	5.8	0.20	0.80	3.6	25.01	1.14
959	939	**Smith International**	**–92.6**	45¾–1¼	3⅜	–13.70	def	0.15	none	0.0	8.07	2.39

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Who's where in the stock market

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
31	103	**Smithfield Foods**	**604.3**	23 – 2¼	20¼	$1.76	11.5	0.06	none	0.0%	$7.98	0.39
755	763	**SmithKline Beckman**	**24.6**	105⅜–50	84¼	6.51	12.9	1.80	$3.00	3.6	29.34	0.35
400	433	**Snap-on Tools**	**146.1**	32⅛– 8¼	26	1.57	16.6	1.67	0.64	2.5	8.24	0.32
218	207	**Society**	**216.7**	71½–14¼	57	6.94	8.2	0.70	1.92	3.4	43.58	0.76
859	733	**Sonat**	**–19.6**	43⅛–19⅞	27⅛	–2.10	def	0.53	2.00	7.4	33.62	1.24
239	155	**Sonoco Products**	**208.2**	41 –10½	37⅜	2.41	15.5	0.87	0.80	2.1	13.51	0.36
890	NR	**Soo Line**	**–32.5**	36⅞–19	20	–1.01	def	0.30	none	0.0	32.44	1.62
498	448	**Southeast Banking**	**112.9**	46½–13⅜	39⅛	4.37	9.0	0.67	1.20	3.1	28.63	0.73
442	449	**So Calif Edison**	**129.6**	38¾–14	33	3.32	9.9	1.36	2.28	6.9	21.11	0.64
506	506	**Southern Company**	**110.4**	27¼–11⅜	25¼	3.16	8.0	1.03	2.14	8.5	19.83	0.79
398	269	**So New England Telecom**	**146.9**	61½–20⅜	54	4.21	12.8	1.22	2.80	5.2	31.24	0.58
917	768	**Southern Union**	**–50.6**	31 –10⅝	11	–2.22	def	0.47	0.80	7.3	16.66	1.51
392	201	**Southland**	**148.0**	57 –17	52½	4.39	12.0	0.27	1.12	2.1	29.64	0.56
394	188	**Southmark**	**147.8**	14 – 2⅝	8½	1.21	7.0	0.62	0.24	2.8	10.08	1.19
566	287	**Southwest Airlines**	**91.6**	35¼–10¾	22⅛	1.45	15.3	0.95	0.13	0.6	14.45	0.65
772	894	**Southwest Forest Ind**	**17.7**	22½– 7¼	18¼	–1.79	def	0.36	none	0.0	18.81	1.03
433	NR	**Southwest Gas**	**132.4**	21⅜– 8⅜	19¾	1.57	12.6	0.54	1.28	6.5	12.45	0.63
591	NR	**Southwestern Bell**	**82.2‡**	116⅜–55	107¼	9.75	11.0	1.35	6.40	6.0	74.25	0.69
386	351	**Southwestern Pub Svc**	**150.0**	37⅞–11⅝	32½	2.75	11.8	1.64	2.12	6.5	14.01	0.43
671	NR	**Sovran Financial**	**55.4‡**	44½–16⅞	33⅛	3.23	10.3	1.01	1.36	4.1	18.21	0.55
501	358	**Springs Industries**	**112.2**	56⅞–20	49⅞	2.64	18.9	0.30	1.52	3.0	50.06	1.00
676	626	**Square D**	**53.7**	50 –21¾	44⅜	3.05	14.5	0.92	1.84	4.1	21.00	0.47
226	252	**Squibb**	**212.6**	124⅛–28⅞	102⅜	4.92	20.8	2.93	2.00	2.0	27.41	0.27
NR	NR	**SSMC**	**NA**	17½–11½	13⅞	NA	NA	0.14	none	0.0	NA	NA
754	770	**Staley Continental**	**24.7**	33⅝–15⅜	27¾	0.88	31.5	0.27	0.80	2.9	23.05	0.83
575	432	**Stanadyne**	**87.1**	43¾–10½	36¼	2.82	12.9	0.70	1.08	3.0	21.47	0.59
283	273	**Std Commercial Tob**	**185.7**	25 – 7¼	22	2.46	8.9	0.21	0.44	2.0	20.12	0.91
787	824	**Standard Oil**	**13.6**	58⅞–26½	47⅛	–4.89	def	1.04	2.80	5.9	34.18	0.73
487	495	**Stanley Works**	**118.6**	30⅞– 8½	25½	1.94	13.1	0.74	0.76	3.0	12.03	0.47
34	18	**State Street Boston**	**576.8**	28⅞– 3¾	26⅛	1.80	14.5	1.46	0.36	1.4	9.48	0.36
NR	NR	**Stater Brothers**	**NA**	23¼– 9¼	18	1.48	12.2	0.09	none	0.0	1.69	0.09
532	516	**Sterling Drug**	**102.2**	52 –19¾	45	2.08	21.6	1.37	1.32	2.9	15.75	0.35
493	460	**JP Stevens**	**116.4**	37⅜–12⅜	34⅝	2.28	15.2	0.39	1.20	3.5	28.78	0.83
928	789	**Stewart & Stevenson**	**–57.6**	21⅝– 9⅝	12⅞	–4.76	def	0.23	none	0.0	15.32	1.19
774	677	**Stewart-Warner**	**17.5**	36 –20¼	27¾	1.01	27.5	0.66	1.68	6.1	25.76	0.93
135	244	**Stone Container**	**302.3**	58⅞–12½	53½	0.50	NM	0.47	0.60	1.1	21.34	0.40
45	32	**Stop & Shop Cos**	**485.2**	62⅝– 7⅛	51½	3.08	16.7	0.18	1.10	2.1	29.38	0.57
960	945	**Storage Technology**	**–92.9**	36⅛– 1	2½	0.44	5.7	0.13	none	0.0	–1.57	NE
30	26	**Strawbridge & Clothier**	**618.4**	63½– 5⅛	43½	3.28	13.3	0.41	0.93	2.1	22.63	0.52
371	NR	**Student Loan**	**154.0‡**	66⅝–21	63½	2.92	21.7	1.75	0.36	0.6	10.32	0.16
92	15	**Subaru of America**	**372.9**	39 – 3¾	23½	1.86	12.6	0.60	0.38	1.6	5.41	0.23
236	498	**Sun Chemical**	**208.9**	84¾–13¼	73¾	3.07	24.0	1.13	0.48	0.7	24.61	0.33
767	732	**Sun Company**	**19.2**	59½–26¾	54¼	6.62	8.2	0.52	3.00	5.5	47.85	0.88
749	779	**Sundstrand**	**26.2**	64⅜–23¼	53	4.27	12.4	0.70	1.80	3.4	31.56	0.60
NR	NR	**SunTrust Banks**	**NA**	28 –15½	20⅞	1.88	11.1	1.08	0.64	3.1	10.72	0.51
51	56	**Super Food Services**	**469.3**	27¾– 3¼	19⅞	1.48	13.4	0.09	0.32	1.6	10.28	0.52
844	NR	**Super Rite Foods**	**–14.0‡**	27¼–11¼	12¼	0.47	26.1	0.10	0.20	1.6	6.08	0.50
477	192	**Super Valu Stores**	**121.6**	27⅞– 7¾	21¾	1.13	19.2	0.19	0.42	1.9	7.20	0.33
46	50	**Supermarkets General**	**484.4**	32¼– 4⅛	28⅛	1.80	15.6	0.21	0.28	1.0	9.63	0.34
270	156	**Sysco**	**191.1**	33⅞– 9¼	28¾	1.38	20.8	0.38	0.28	1.0	9.01	0.31
86	110	**Talley Industries**	**393.1**	24¼– 3⅜	17⅞	1.63	11.0	0.32	0.30	1.7	14.02	0.78
753	831	**Tandem Computers**	**24.8**	40¼–12⅞	34⅝	1.44	24.0	1.95	none	0.0	10.16	0.29
775	570	**Tandy**	**17.0**	64½–22¾	39½	2.23	17.7	1.13	0.50	1.3	14.57	0.37
NR	NR	**TCF Banking & Savings**	**NA**	15¾–11¼	12⅛	1.80	6.7	0.14	none	0.0	29.14	2.40
419	456	**TECO Energy**	**140.0**	54⅞–17⅝	48	3.49	13.8	1.52	2.52	5.3	25.72	0.54
561	405	**Tecumseh Products**	**93.5**	130 –52½	120	9.63	12.5	0.81	3.20	2.7	88.02	0.73
779	797	**Tektronix**	**16.1**	86¾–34	63⅞	2.56	25.0	0.92	1.00	1.6	43.42	0.68
82	NR	**Tele-Communications**	**397.9**	29⅛– 3⅛	22⅞	0.86	26.6	3.56	none	0.0	3.92	0.17
478	442	**Teledyne**	**121.3†**	367¾–69½	306½	24.76	12.4	1.11	none	0.0	134.72	0.44
16	10	**Telex**	**857.7**	69 – 5¼	62¼	4.91	12.7	1.19	none	0.0	18.55	0.30
641	NR	**Temple-Inland**	**68.3‡**	59⅛–25⅜	55⅛	3.06	18.0	1.08	0.72	1.3	35.72	0.65
781	821	**Tenneco**	**15.3**	45¼–22⅞	38⅝	–0.22	def	0.38	3.04	7.9	39.71	1.03
911	880	**Tesoro Petroleum**	**–46.3**	24½– 7½	10¾	–9.76	def	0.10	none	0.0	21.29	1.98

Note: Except as indicated, price changes are from Dec. 31, 1981 to Nov. 18, 1986. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. ‡Three-year price change. NA: Not available. NE: Negative equity. NM: Not meaningful. def: Deficit.

Who's where in the stock market

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
805	839	**Texaco**	6.1	48⅜–26	35	$4.09	8.6	0.23	$3.00	8.6%	$57.04	1.63
40	606	**Texas Air**	520.0	40⅞–4	34⅞	0.45	NM	0.48	none	0.0	5.56	0.16
916	741	**Texas American Bcshs**	–50.0	45¾–14⅝	16⅞	–9.42	def	0.29	0.40	2.4	34.80	2.06
897	803	**Texas Commerce Bcshs**	–34.6	48¼–16½	25¼	0.37	68.2	0.49	1.56	6.2	36.02	1.43
785	774	**Texas Eastern**	13.8	41¼–18½	29⅞	–2.27	def	0.35	1.00	3.3	27.41	0.92
780	NR	**Texas Industries**	15.3	41½–14¾	25⅛	1.26	19.9	0.32	0.80	3.2	24.03	0.96
709	783	**Texas Instruments**	39.9	176–70½	112⅝	–1.42	def	0.59	2.00	1.8	56.73	0.50
647	543	**Texas Utilities**	66.9	37½–19⅛	32¾	4.32	7.6	1.17	2.68	8.2	29.46	0.90
452	522	**Textron**	127.2	65¼–17¼	60½	6.29	9.6	0.49	1.80	3.0	40.07	0.66
90	NR	**Third National**	375.9	39¼–6⅞	33⅞	0.03	11.9	1.23	0.76	2.2	16.43	0.49
867	785	**Thorn Apple Valley**	–23.1	9¾–3¾	5	–1.13	def	0.03	none	0.0	7.84	1.57
933	698	**TIE/Communications**	–63.2	40⅜–2¾	3½	–1.01	def	0.40	none	0.0	5.89	1.68
930	910	**Tiger International**	–62.0	14¼–3⅝	5⅛	–3.01	def	0.14	none	0.0	–0.15	NE
715	NR	**Time Inc**	38.0‡	91⅜–33¾	71¾	6.53	11.0	1.23	1.00	1.4	19.28	0.27
329	284	**Times Mirror**	168.9	73⅞–17¾	61½	5.68	10.8	1.35	1.50	2.4	15.12	0.25
894	836	**Timken**	–34.2	68¼–39½	42⅝	–4.14	def	0.49	1.00	2.3	64.83	1.52
855	680	**Todd Shipyards**	–18.8	41¾–18¼	22¾	–0.02	def	0.21	1.32	5.8	31.50	1.38
NR	NR	**Tops Markets**	NA	25¾–18	19½	1.59	12.3	0.14	none	0.0	10.99	0.56
115	57	**Torchmark**	326.6†	38½–5⅜	28	2.80	10.0	1.30	0.80	2.9	12.29	0.44
196	622	**Toro**	231.7	29¼–5⅜	24⅞	2.09	11.9	0.39	0.50	2.0	9.51	0.38
953	938	**Tosco**	–86.9	18⅝–1	2⅛	–0.62	def	0.06	none	0.0	–13.81	NE
95	25	**Toys "R" Us**	369.9	34⅜–5⅝	27½	0.92	29.9	1.63	none	0.0	5.81	0.21
718	587	**Tracor**	37.2	28¼–10¼	18⅞	0.20	NM	0.61	0.36	1.9	10.11	0.54
610	NR	**Trans World Airlines**	78.3‡	28–7⅛	20½	–9.11	def	0.18	none	0.0	10.67	0.52
695	488	**Transamerica**	46.5	40⅛–16½	34¼	3.48	9.8	0.43	1.76	5.1	29.12	0.85
825	780	**Transco Energy**	–3.8	63½–23⅛	44¼	–0.38	def	0.29	2.72‡‡	6.1‡‡	32.24	0.73
NR	NR	**Transworld Corp**	NA	42⅝–15¾	38¼	3.36	11.4	0.68	0.40	1.0	14.25	0.37
548	290	**Travelers**	96.6	59½–16½	43⅛	4.80	9.0	0.28	2.16	5.0	41.58	0.96
18	NR	**Triangle Industries**	827.4	31¾–2½	26⅜	3.66	7.2	0.14	0.12	0.5	5.58	0.21
559	NR	**Tribune**	94.7‡	78–24	59⅝	7.71	7.7	1.21	1.00	1.7	22.37	0.38
808	881	**Trinity Industries**	4.6	25⅝–9	17	0.40	42.5	0.59	0.50	2.9	10.22	0.60
241	424	**Trinova**	208.1	54⅛–13⅛	47¾	7.07	6.8	0.45	1.00	2.1	31.16	0.65
642	652	**TRW**	68.3*	110–45⅝	92⅛	4.83	19.1	0.45	3.20	3.5	33.85	0.37
678	352	**Turner**	52.0	31⅜–10⅜	21	2.01	10.4	0.04	1.30	6.2	16.69	0.79
42	466	**Tyco Laboratories**	518.1	42½–5	38¼	2.27	16.9	0.76	0.40	1.0	11.52	0.30
810	510	**Tyler**	4.3	17¾–6	12¼	0.69	17.8	0.24	0.40	3.3	10.89	0.89
6	17	**Tyson Foods**	1,746.2	38¼–1⅛	24	1.18	20.3	0.68	0.04	0.2	3.64	0.15
185	237	**UAL**	244.7	64¾–15⅛	56⅞	1.00	56.9	0.33	1.00	1.8	43.93	0.77
813	851	**UGI**	2.9	28¼–16½	26⅞	–3.30	def	0.48	2.04	7.6	19.44	0.72
517	571	**Union Camp**	107.6	56¾–21	51½	2.20	23.4	1.28	1.64	3.2	26.88	0.52
729	667	**Union Carbide**	34.3	33⅛–10⅞	23	5.95	3.9	0.31	1.50	6.5	19.82	0.86
309	NR	**Union Electric**	175.9	31¾–10¾	30	2.85	10.5	1.72	1.92	6.4	18.50	0.62
788	852	**Union Pacific**	13.5	63–29¼	59	–4.56	def	0.89	1.80	3.1	39.93	0.68
448	704	**Unisys**	128.7	80¾–29⅝	77¾	5.53	14.1	0.54	2.60	3.3	54.71	0.70
12	NR	**United Artists Commun**	971.7	21¾–1¼	16¾	0.22	76.1	1.34	0.04	0.2	2.62	0.16
756	NR	**United Banks of Colo**	24.4	35½–13	25½	2.51	10.2	0.55	1.08	4.2	27.56	1.08
330	602	**United Brands**	168.8	36¾–6½	32¼	3.22	10.0	0.16	0.05	0.2	23.46	0.73
896	NR	**United Financial Group**	–34.5	12⅞–2	2⅜	–1.39	def	0.03	none	0.0	13.92	5.86
618	619	**United Illuminating**	76.5	36¼–9	32⅞	5.84	5.6	0.93	2.32	7.1	37.15	1.13
313	108	**United Merchants**	175.0	21½–3½	11	–3.95	def	0.13	none	0.0	12.65	1.15
644	574	**US Bancorp**	67.6	27⅜–8⅛	22¾	2.50	9.1	0.82	0.80	3.5	19.19	0.84
888	900	**US Home**	–30.9	20¾–4¾	4¾	–2.33	def	0.22	none	0.0	7.76	1.63
321	75	**US Shoe**	172.7	27⅜–5⅝	22¾	0.95	23.9	0.52	0.46	2.0	10.86	0.48
356	NR	**US Tobacco**	158.0	45½–14⅛	40¾	3.63	11.2	2.25	1.96	4.8	11.64	0.29
297	NR	**United Stationers**	180.4	28¾–4⅜	15¼	0.96	15.9	0.37	0.24	1.6	5.72	0.38
508	611	**United Technologies**	109.6	56¼–15⅝	43¾	3.42	12.8	0.37	1.40	3.2	31.38	0.72
746	647	**United Telecom**	26.4	31¼–15¾	27½	0.01	NM	0.85	1.92	7.0	17.41	0.63
238	138	**United Virginia Bksh**	208.4	35⅞–8⅜	29⅞	2.86	10.4	0.95	0.92	3.1	16.80	0.56
NR	514	**Univar**	NA	15½–9⅜	11¼	0.59	19.1	0.12	0.20	1.8	8.03	0.71
334	281	**Universal Foods**	167.1	28–10¼	27⅜	1.42	19.3	0.47	0.80	2.9	12.43	0.45
426	631	**Universal Leaf**	137.1	31–11⅛	28¾	2.67	10.8	0.37	1.08	3.8	17.08	0.59
893	845	**Unocal**	–33.9*	51–15⅝	24⅞	0.28	NM	0.34	1.00	4.0	14.01	0.56
NR	NR	**UNUM Corp**	NA	28⅝–26⅜	26½	NA	NA	0.56	0.40	1.5	NA	NA

Note: Except as indicated, price changes are from Dec. 31, 1981 to Nov. 18, 1986. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. †Price change does not reflect the value of shares received in a spinoff. *Shares outstanding have declined by 10% or more in the last year. ‡Three-year price change. NA: Not available. NE: Negative equity. NM: Not meaningful. def: Deficit. ‡‡Does not include stock dividends given in another company as part of the dividend.

Who's where in the stock market

Rank 86	Rank 85	Company	5-year price change	1982-86 price range	Recent price	Latest 12-month earnings per share	Price/ earnings ratio	Price/ sales ratio	Indicated annual dividend	Current yield	Book value (per share)	Book value/ recent price
186	425	**Upjohn**	244.7	103¾–19	92⅝	$3.84	24.1	2.60	$1.52	1.6%	$20.88	0.23
551	NR	**US West**	96.0‡	62 –27½	54½	5.01	10.9	1.26	3.04	5.6	36.49	0.67
222	524	**USAir Group**	214.7	40¼–10	37⅜	3.15	11.9	0.56	0.12	0.3	35.37	0.95
607	496	**USF&G**	78.8	46¾–15⅝	37	3.03	12.2	0.57	2.32	6.3	18.91	0.51
103	236	**USG**	350.7	46½– 6½	37¾	3.43	11.0	0.90	1.12	3.0	15.03	0.40
545	537	**USLife**	98.9	49½–14½	45¾	4.40	10.4	0.78	1.20	2.6	42.40	0.93
885	730	**USX**	–29.3	33¼–14½	21⅛	–1.65	def	0.34	1.20	5.7	42.79	2.03
657	540	**Utah Power & Light**	63.6	37¼–17¼	29¼	2.18	13.4	1.66	2.32	7.9	18.72	0.64
936	913	**Valero Energy**	–63.9	36¾– 5⅞	8¼	–3.99	def	0.10	none	0.0	17.84	2.16
673	547	**Valley National**	54.9	50¼–13⅛	35¼	3.80	9.3	0.56	1.44	4.1	31.76	0.90
657	445	**Varian Associates**	63.6	63⅜–12⅞	24¾	–0.70	def	0.59	0.26	1.1	20.14	0.81
802	856	**Varity**	7.1	6¾– 1⅛	1⅞	0.31	6.0	0.22	none	0.0	0.91	0.49
38	23	**VF**	533.1	36 – 3¾	32¼	2.26	14.3	1.35	0.72	2.2	8.91	0.28
475	383	**Vulcan Materials**	122.7	124½–38¾	120¼	7.71	15.6	1.38	2.96	2.5	46.67	0.39
24	19	**Wal-Mart Stores**	723.5	53⅞– 4¾	43¾	1.41	31.0	1.12	0.17	0.4	4.55	0.10
195	86	**Waldbaum**	232.6	34 – 6½	24¾	2.45	10.1	0.08	0.20	0.8	25.35	1.02
70	37	**Walgreen**	424.3	39½– 5½	31⅞	1.67	19.1	0.54	0.54	1.7	9.00	0.28
886	764	**Wang Laboratories**	–30.1	42½–10½	11⅝	0.11	NM	0.65	0.16	1.4	9.59	0.82
857	776	**Warner Communications**	–19.4	31⅝– 8½	22⅛	1.70	13.0	1.03	0.30	1.4	3.56	0.16
407	404	**Warner-Lambert**	144.9	63⅛–19⅛	54½	–3.05	def	1.33	1.68	3.1	11.77	0.22
654	443	**Washington Gas Light**	64.1	30⅜–12	26¼	2.20	11.9	0.59	1.76	6.7	17.92	0.68
661	724	**Washington National**	61.8	37¾–14¼	31¾	3.23	9.8	0.56	1.08	3.4	34.92	1.10
91	54	**Washington Post**	375.5	184½–27⅜	148	7.50	19.7	1.64	1.12	0.8	27.26	0.18
246	341	**Waste Management**	205.5	57½–12¾	51¾	2.00	25.9	2.84	0.56	1.1	11.14	0.22
161	314	**Del E Webb**	267.3	28¼– 4⅞	25¼	2.31	10.9	0.70	0.20	0.8	16.81	0.67
193	87	**Weis Markets**	233.0	42 –10⅝	37	2.06	18.0	1.05	0.54	1.5	11.89	0.32
127	365	**Wells Fargo**	309.8	115 –18¼	104½	9.49	11.0	0.76	3.12	3.0	61.87	0.59
338	67	**Wendy's International**	165.5	17¾– 3⅝	11¼	0.13	NM	0.95	0.24	2.1	4.66	0.41
473	416	**West Point-Pepperell**	123.0	60⅝–19¼	51	4.09	12.5	0.41	2.20	4.3	44.72	0.88
373	823	**Western Air Lines**	153.8	13 – 2⅝	12⅜	–0.10	def	0.52	none	0.0	4.70	0.38
964	944	**Western Co No Amer**	–97.4	23¾– ¼	⅝	–7.80	def	0.10	none	0.0	5.68	9.09
10	NR	**Western S&L Assoc**	1,203.2	28 – ⅞	19	3.03	6.3	0.42	0.24	1.3	4.54	0.24
954	866	**Western Union**	–88.0	54¼– 3⅝	4⅜	–17.63	def	0.11	none	0.0	11.27	2.58
107	180	**Westinghouse**	340.2*	60¼–10⅞	56⅛	4.16	13.5	0.77	1.40	2.5	21.03	0.37
879	787	**Westmoreland Coal**	–26.9	27¾–13½	17	2.48	6.9	0.24	0.60	3.5	21.97	1.29
664	503	**Westvaco**	59.3	39¾–11	37⅝	3.75	10.0	0.90	1.00	2.7	35.16	0.93
233	302	**Wetterau**	209.1	43¼– 9⅜	38¼	2.81	13.6	0.13	1.04	2.7	18.09	0.47
745	782	**Weyerhaeuser**	26.7	41¾–22½	36¾	1.64	22.4	0.88	1.30	3.5	22.93	0.62
940	902	**Wheeling-Pittsburgh**	–72.1	35⅝– 6⅜	8½	–27.32	def	0.06	none	0.0	–19.44	NE
317	296	**Whirlpool**	174.9	41½–11¼	34⅞	2.82	12.4	0.66	1.10	3.2	16.46	0.47
833	848	**Whittaker**	–8.2	39⅞–14½	30¾	–0.68	def	0.44	0.60	2.0	27.92	0.91
924	911	**Wickes Cos**	–56.3	10⅝– 2	4	0.27	14.8	0.24	none	0.0	4.08	1.02
476	605	**Wicor**	122.3	46 –15¾	41⅛	3.55	11.6	0.31	2.60	6.3	29.88	0.73
406	632	**Willamette Inds**	145.0	43½– 9¾	43	2.43	17.7	0.95	1.03	2.4	18.62	0.43
854	860	**Williams Cos**	–18.7	33½–12⅝	22¼	–0.19	def	0.30	1.40	6.3	35.33	1.59
631	719	**Wilson Foods**	71.1	15 – 4¼	9⅝	–3.96	def	0.05	none	0.0	5.10	0.53
374	342	**Winn-Dixie Stores**	153.7	59 –17	46⅝	2.71	17.2	0.23	1.80	3.9	17.05	0.37
256	246	**Wisconsin Electric**	197.9	64½–17½	54⅛	4.82	11.2	1.26	2.68	5.0	30.97	0.57
340	311	**Wisconsin P&L**	164.9	60¼–19	51	4.04	12.6	1.15	2.96	5.8	27.62	0.54
276	276	**Wisconsin Public Svc**	187.9	63 –17¾	53⅝	4.16	12.9	1.03	3.00	5.6	28.82	0.54
217	428	**Witco**	217.8	38⅜– 9⅛	34¼	2.87	11.9	0.55	1.12	3.3	18.67	0.55
94	317	**FW Woolworth**	370.8	49 – 7⅞	42⅜	2.99	14.2	0.45	1.12	2.6	18.76	0.44
413	457	**Worthington Inds**	142.0	20⅜– 4⅛	17¾	1.03	17.2	0.64	0.36	2.0	5.63	0.32
134	223	**Wm Wrigley Jr**	302.8	51 – 9⅝	47	2.45	19.2	1.45	1.32	2.8	12.25	0.26
846	703	**Wyman-Gordon**	–14.4	38 –15½	18⅝	–0.11	def	0.93	0.80	4.3	16.79	0.90
721	754	**Xerox**	36.1	72¼–27⅛	55⅛	4.57	12.1	0.59	3.00	5.4	45.47	0.82
84	168	**Yellow Freight System**	393.7	41½– 5⅜	38⅞	2.46	15.8	0.67	0.62	1.6	11.27	0.29
NR	NR	**York International**	NA	18¾–13½	16⅞	NA	NA	0.22	none	0.0	20.42	1.21
528	718	**Zale**	103.0	45¾–17⅜	42⅝	–2.12	def	0.47	1.40	3.3	32.91	0.77
957	925	**Zapata**	–91.2	29¼– 2¼	2½	–7.84	def	0.21	none	0.0	19.02	7.61
39	12	**Zayre**	524.4	43⅞– 3⅝	25½	1.43	17.8	0.31	0.32	1.3	10.31	0.40
595	762	**Zenith Electronics**	80.9	38⅝– 9¾	20⅛	–0.29	def	0.26	none	0.0	18.90	0.94
674	386	**Zurn Industries**	54.5	45¾–18	38⅝	2.52	15.3	0.64	1.32	3.4	27.88	0.72

Note: Except as indicated, price changes are from Dec. 31, 1981 to Nov. 18, 1986. NR: Not ranked due to merger, spinoff, new issue or conversion to stock company. Range is for period since such change. *Shares outstanding have declined by 10% or more in the last year. ‡Three-year price change. NA: Not available. NE: Negative equity. NM: Not meaningful. def: Deficit.

WHO'S WHERE IN PROFITABILITY

Five-year profitability champs that haven't stayed fit over the latest 12 months won't stay champs much longer.

OF THE 1,012 COMPANIES in the FORBES Annual Report on American Business, none shows a higher five-year return on equity than Coleco Industries. During the period, the Hartford, Conn.-based toy company has averaged an amazing $1.22 in earnings for every $1 of shareholder equity in the company. But will Coleco be top dog again next year? Probably not. During the latest 12 months the company's profitability plunged dramatically, to a dismal 3.2% return on equity. Why? Because in 1986 Coleco was hit with a double whammy: Its equity base expanded as a result of the earnings piled up by the colossal success of its Cabbage Patch dolls the year before. But sales of the dolls collapsed, sending earnings into a nosedive.

Coleco is not alone in failing to broaden its market base. Take Price Co., a warehouse retailer and last year's profitability leader. Its 12-month return on equity slipped to 35.4%, compared with its five-year average of 59.3%. But even 35.4% is, of course, unsustainably high. With rewards like that out there, competitors like Costco and Pace Warehouse will continue to take away market share.

Or take Apple Computer, which fell from second place to tenth in profitability. Its 44.6% five-year average profitability still reflects the firm's early explosive growth in the late 1970s. But nearly $2 billion (sales) Apple has not been coasting. Its latest 12-month return on equity is 26.9%, its net profit margin is 8.1% and its Macintosh computer is selling briskly. That was enough to make Apple FORBES' most improved computer company *(see p. 101)*.

Over the long run, few companies ever beat the averages—in profitability or anything else. Look at the top 152 firms on our list, all with five-year average return on equity of 20% or more. Only 71 kept this pace over the last 12 months. This means that only about half of the leading companies are likely to rate high again next year. Yesterday's performance means nothing tomorrow. ■

Who's where in profitability

		Return on equity	
Company	rank	5-year average	latest 12 months
Coleco Industries	1	122.3%	3.2%
Highland Superstores	2	63.8	26.3
Liz Claiborne	3	63.5	49.2
Price Co	4	59.3	35.4
Columbia S&L	5	50.0	30.2
Subaru of America	6	49.9	34.4
First Executive	7	45.4	15.4
ServiceMaster Inds	8	44.9	44.6
Limited	9	44.7	47.1
Apple Computer	10	44.6	26.9
NIKE	11	40.8	16.6
Allegheny Beverage	12	40.3	def
Student Loan	13	40.0	28.3
Lockheed	14	39.1	27.9
ICH	15	36.8	45.7
Dun & Bradstreet	16	36.6	24.8
Big Bear	17	36.5	20.3
Intergraph	18	36.5	17.2
Charter Medical	19	36.4%	20.1%
General Cinema	20	35.3	22.7
Wal-Mart Stores	21	35.1	31.0
Geico	22	34.4	41.4
Savannah Foods	23	34.4	12.7
American Home Prods	24	34.3	33.4
Comdisco	25	34.0	28.3
Tandy	26	34.0	16.8
Bruno's	27	33.9	18.6
American Continental	28	33.8	24.0
Kellogg	29	33.4	44.2
Hasbro	30	33.4	21.4
VF	31	32.9	25.4
Humana	32	32.8	6.0
Telex	33	32.4	26.5
MCI Communications	34	32.4	7.2
Monfort of Colorado	35	31.9	27.5
Maxicare Health	36	31.8††	15.1
Dow Jones	37	31.4%	29.5%
Deluxe Check	38	31.0	32.9
Western S&L	39	30.5	66.7
US Tobacco	40	30.0	31.2
EG&G	41	29.7	24.5
Food Lion	42	29.4	27.7
SmithKline Beckman	43	28.7	22.2
Manor Care	44	28.7	24.9
Brunswick	45	28.0	20.6
Family Dollar Stores	46	27.9	26.4
Minstar	47	27.7	16.5
Circuit City Stores	48	27.7	22.8
Super Rite Foods	49	27.2	7.7
American Stores	50	27.1	16.4
First Boston	51	26.9	18.5
Abbott Laboratories	52	26.8	28.3
Teledyne	53	26.5	18.4
Emerson Radio	54	25.7	35.1

def: Deficit. ††Three-year average.

		Return on equity	
Company	rank	5-year average	latest 12 months
Jefferson Smurfit	55	25.6%	17.6%
Allied Bancshares	56	25.5	1.3
Washington Post	57	25.4	27.5
Marsh & McLennan	58	25.4	44.6
Shaw's Supermarkets	59	25.3†	20.5
Philip Morris Cos	60	25.1	29.3
G Heileman Brewing	61	25.0	15.9
IBM	62	24.9	19.0
Maytag	63	24.7†	20.2
Kelly Services	64	24.7	28.0
Bindley Western Inds	65	24.7	14.6
Super Valu Stores	66	24.6	15.7
United Stationers	66	24.6	16.8
Toys "R" Us	68	24.6	15.8
Pulte Home	69	24.6	10.6
Dean Foods	70	24.4	21.7
Turner	71	24.3	12.0
Prime Computer	72	24.3	12.9
Morton Thiokol	73	24.3	17.1
Shoney's	74	24.3	19.3
Natl Convenience	75	24.3	4.3
Culbro	76	24.0	18.2
General Dynamics	77	23.9	27.2
Fred Meyer	78	23.8††	19.9
Melville	79	23.8	20.9
General Host	80	23.7	16.5
H&R Block	81	23.7	21.8
Bristol-Myers	82	23.6	22.7
Standard Oil	83	23.5	def
Schlumberger	84	23.3	def
Ames Dept Stores	85	23.2	11.6
Rite Aid	86	22.9	17.7
Loews	87	22.9	22.9
Marriott	87	22.9	21.1
Federal Express	89	22.9	12.7
RJR Nabisco	90	22.8	19.8
Giant Food	91	22.8	21.8
Southmark	92	22.7	12.3
Golden West Finl	93	22.7	38.6
Coca-Cola	94	22.6	26.9
Eli Lilly	94	22.6	23.4
Tyson Foods	96	22.5	32.4
McDonald's	97	22.5	21.9
Wendy's Intl	98	22.5	2.8
McGraw-Hill	99	22.4	19.6
Herman Miller	100	22.4	19.7
Walgreen	101	22.3	21.3
Browning-Ferris Inds	102	22.2	22.8
ConAgra	103	22.2	21.9
Jostens	104	22.2	20.9
Pioneer Hi-Bred Intl	105	22.1	16.0
Equifax	106	22.1	26.4
Brown-Forman	107	21.9	17.7
New York Times	108	21.9	21.8
Dover	109	21.7	14.3
James River Corp Va	110	21.7	13.2
PHH Group	111	21.7	14.5
Gannett	112	21.6	20.9
Fort Howard Paper	113	21.6	14.7
Nalco Chemical	114	21.5	17.1
Equitable Resources	115	21.5	15.2
Dibrell Brothers	116	21.4	16.0
State Street Boston	117	21.3	19.0
Dillard Dept Stores	118	21.3	18.4

		Return on equity	
Company	rank	5-year average	latest 12 months
Supermarkets General	119	21.2%	18.7%
Worthington Inds	120	21.2	19.6
HJ Heinz	121	21.2	23.3
Albertson's	122	21.1	18.3
Wang Laboratories	123	21.1	1.2
E-Systems	124	21.1	14.3
Midlantic Banks	125	21.0	18.5
Holly Corp	126	21.0	34.1
Dollar General	127	21.0	8.7
Capital Cities/ABC	128	20.9	13.6
Merck	129	20.9	24.2
Salomon	130	20.9	19.1
Emery Air Freight	131	20.8	def
Waste Management	132	20.7	18.0
Transworld	133	20.7†	23.6
Delchamps	134	20.7	10.7
American Medical	135	20.6	def
Fleetwood Enterprises	136	20.5	13.7
Emerson Electric	137	20.4	18.7
Southwestern Pub Svc	138	20.4	19.6
Ogilvy Group	139	20.4	19.8
Ametek	140	20.3	15.9
Gap	141	20.3	31.5
Carlisle Cos	142	20.3	8.8
Carolina Freight	142	20.3	16.6
Anheuser-Busch Cos	144	20.3	19.7
Rubbermaid	145	20.2	22.4
AMP	146	20.2	14.0
Petrie Stores	147	20.2	17.1
Intl Flavors & Frags	148	20.1	19.4
Hannaford Bros	149	20.1	17.6
Leggett & Platt	150	20.0	19.5
Clorox	151	20.0	18.9
Fuqua Industries	152	20.0	22.4
Flowers Industries	153	19.9	19.5
Weis Markets	153	19.9	17.3
Snap-on Tools	155	19.9	19.1
American Brands	156	19.8	14.6
Rockwell Intl	157	19.8	21.1
Shaw Industries	158	19.8	18.7
General Electric	159	19.8	17.4
Pfizer	160	19.7	21.2
Entex	161	19.7	def
Winn-Dixie Stores	162	19.6	16.5
National Medical	163	19.6	9.5
Sysco	164	19.6	16.4
Rohr Industries	165	19.5	17.8
Hechinger	166	19.5	14.7
Gillette	167	19.5	19.5
Tyco Laboratories	168	19.4	21.1
PaineWebber Group	169	19.4	13.8
Reliance Group	170	19.4††	3.1
Time Inc	170	19.4†	33.9
Johnson & Johnson	172	19.4	10.9
Mayflower Group	173	19.3	11.3
Litton Industries	174	19.3	7.4
Rorer Group	175	19.3	52.9
Cooper Tire & Rubber	176	19.2	12.3
Hershey Foods	176	19.2	18.0
Collins & Aikman	178	19.2	19.2
Shaklee	179	19.1	35.6
Universal Leaf	180	19.1	16.6
Meredith	181	19.1	14.3
Ralston Purina	181	19.1	46.6

		Return on equity	
Company	rank	5-year average	latest 12 months
Raytheon	181	19.1%	20.3%
Collins Foods Intl	184	19.1	10.6
Sara Lee	184	19.1	19.8
CoreStates Financial	186	19.1	16.5
Genuine Parts	187	19.0	16.9
Chesebrough-Pond's	188	19.0	17.6
Curtice-Burns Foods	189	19.0	12.6
Minn Mining & Mfg	189	19.0	18.4
SCI Systems	191	19.0	13.3
Cullum Cos	192	19.0	15.7
Republic New York	193	18.9	16.4
Hilton Hotels	194	18.9	15.3
National Service	195	18.9	17.1
Bergen Brunswig	196	18.9	12.8
Stop & Shop Cos	197	18.9	10.5
Revco DS	198	18.9	13.4
Banc One	199	18.9	18.0
Roadway Services	200	18.8	12.2
US Shoe	200	18.8	8.8
Automatic Data	202	18.8	17.8
Hewlett-Packard	202	18.8	13.0
CityFed Financial	204	18.8	21.0
Payless Cashways	205	18.8	12.8
Consolidated Papers	206	18.8	19.3
Fleet Financial	207	18.7	21.9
McCormick	208	18.7	11.2
Southwest Airlines	209	18.7	10.0
Masco	210	18.6	19.2
Times Mirror	210	18.6	37.6
Mitchell Energy	212	18.6	5.5
PepsiCo	213	18.6	23.6
First Wachovia	214	18.5	17.8
Lear Siegler	214	18.5	9.7
SunTrust Banks	216	18.5††	17.5
Bowater	217	18.5	10.9
Coachmen Industries	217	18.5	2.1
Rollins	217	18.5	56.9
Blount	220	18.4	2.9
Nordstrom	221	18.3	18.0
Procter & Gamble	222	18.2	13.2
Exxon	223	18.2	19.6
Pitney Bowes	223	18.2	20.2
Hospital Corp	225	18.2	11.0
American Greetings	226	18.1	15.0
Advanced Micro	227	18.1	def
Barnett Banks Fla	228	18.1	18.0
Consol Freightways	229	18.1	14.7
Cincinnati Financial	230	18.1	18.3
Nacco Industries	231	18.1	22.8
Church's Fried	232	18.1	3.7
Fleming Cos	233	18.0	12.0
Ryder System	234	18.0	16.6
Whirlpool	235	18.0	17.1
Oxford Industries	236	18.0	8.7
Combined Intl	237	17.9	24.5
Loral	238	17.9	17.7
American Bankers	239	17.9	18.6
Northrop	239	17.9	6.3
Pentair	241	17.8	10.0
Todd Shipyards	241	17.8	def
PNC Financial	243	17.8	20.1
Piedmont Aviation	244	17.8	12.1
Interpublic Group	245	17.7	19.4
Farmers Group	246	17.7	16.7

def: Deficit. NA: Not available. †Four-year average. ††Three-year average.

Who's where in profitability

		Return on equity	
Company	rank	5-year average	latest 12 months
Hillenbrand Inds	246	17.7%	17.3%
Texas Commerce	246	17.7	1.0
Square D	249	17.7	14.5
Lucky Stores	250	17.7	9.4
Amoco	251	17.7	8.4
Continental Bancorp	252	17.5	17.4
RR Donnelley	252	17.5	16.8
Hubbell	254	17.5	18.3
American Express	255	17.5	24.1
Old Republic Intl	256	17.4	14.4
MCorp	257	17.4	def
Longs Drug Stores	258	17.4	13.0
Berkshire Hathaway	259	17.4	27.3
United Illuminating	259	17.4	15.7
EF Hutton Group	261	17.3	2.9
United Virginia Bkshs	261	17.3	17.0
New England Electric	263	17.3	16.2
Centel	264	17.3	15.7
TIE/Communications	265	17.3	def
Fidelcor	266	17.3	17.7
Lowe's Cos	266	17.3	14.4
Pillsbury	268	17.2	17.0
Sonoco Products	268	17.2	17.8
Ryland Group	270	17.2	28.8
Zayre	270	17.2	13.9
Hartford National	272	17.2	18.0
Bankers Trust NY	273	17.2	17.5
Sovran Financial	274	17.1	17.7
Avery International	275	17.1	15.2
Mercantile Stores	276	17.1	15.9
United Artists	277	17.1	8.4
Ball Corp	278	17.0	17.6
Dayton-Hudson	279	17.0	14.4
Boeing	280	16.9	15.2
American Intl Group	281	16.9	16.9
Upjohn	281	16.9	18.4
San Diego G&E	283	16.9	17.1
Emhart	284	16.9	def
Colt Industries	285	16.8	26.0
Boatmen's Bancshares	286	16.8	14.5
Quaker Oats	287	16.7	22.8
Citizens & Southern	288	16.7	18.4
Southland	289	16.7	14.8
Kansas City P&L	290	16.6	12.6
Edison Bros Stores	291	16.6	12.9
Rose's Stores	291	16.6	16.8
First Union	293	16.6	19.1
Arkla	294	16.6	10.4
Transco Energy	295	16.5	def
Big V Supermarkets	296	16.5	13.0
Stanadyne	296	16.5	13.1
NCNB	298	16.5	17.4
Service Merchandise	299	16.4	def
Security Pacific	300	16.4	15.7
Iowa-Illinois G&E	301	16.4	13.6
Commonwealth Energy	302	16.4	15.7
Wisconsin P&L	303	16.4	14.6
Kansas Power & Light	304	16.4	16.3
Peoples Energy	305	16.4	17.4
Tracor	306	16.3	2.0
Wyman-Gordon	307	16.3	def
USAir Group	308	16.3	8.9
Southern Calif Edison	309	16.3	15.7
No States Power	310	16.3	16.0

		Return on equity	
Company	rank	5-year average	latest 12 months
Diversified Energies	311	16.2%†	def
Morrison	311	16.2	7.9%
Third National	313	16.2	17.4
Bank of New England	314	16.2	18.5
JP Morgan	315	16.1	19.7
First Fidelity Bncp	316	16.1	15.6
USG	316	16.1	22.8
Northeast Utilities	318	16.1	17.3
Texas Utilities	319	16.1	14.7
McLean Industries	320	16.0	def
Central & South West	321	16.0	16.0
Gerber Products	322	16.0	11.1
Kaman	322	16.0	16.4
Portland General	322	16.0	14.9
Florida Natl Banks	325	15.9	12.4
WW Grainger	325	15.9	16.2
Std Commercial Tob	325	15.9	12.2
Universal Foods	325	15.9	11.4
Circle K	329	15.9	19.5
Wm Wrigley Jr	330	15.9	20.0
Knight-Ridder	331	15.9	19.1
Jerrico	332	15.8	13.7
Bank of New York	333	15.8	17.0
Brooklyn Union Gas	334	15.8	10.1
Westinghouse	334	15.8	19.8
Vulcan Materials	336	15.8	16.5
Wisconsin Electric	336	15.8	15.6
Kroger	338	15.7	7.4
Brown Group	339	15.7	11.9
Freeport-McMoRan	340	15.7	2.7
Norstar Bancorp	341	15.7	15.5
Nucor	341	15.7	16.5
Macmillan	343	15.7	22.0
Media General	343	15.7	11.2
Integrated Resources	345	15.7	1.1
RepublicBank	346	15.6	6.4
Dexter	347	15.6	13.7
First of America Bank	348	15.6	17.2
PacifiCorp	348	15.6	13.7
Sealed Power	350	15.6	10.8
Contel	351	15.6	16.0
Tandem Computers	351	15.6	14.2
Citicorp	353	15.5	13.4
Pittway	354	15.5	11.8
Tecumseh Products	355	15.5	10.9
Illinois Power	356	15.5	16.0
Chemical New York	357	15.4	14.7
Wisconsin Public Svc	357	15.4	14.4
Bank of Boston	359	15.4	15.6
Union Electric	360	15.4	15.4
Univar	360	15.4†	7.4
American Family	362	15.4	23.7
Consol Natural Gas	362	15.4	12.3
Grumman	362	15.4	11.4
Long Island Lighting	365	15.4	12.4
Laclede Gas	366	15.4	18.9
Sherwin-Williams	366	15.4	17.3
Campbell Soup	368	15.3	16.1
Murphy Oil	369	15.3	3.0
BayBanks	370	15.3	16.8
Moore Corp	370	15.3	14.7
Central Hudson G&E	372	15.3	16.4
Kraft	372	15.3	14.8
Alco Standard	374	15.3	12.5

		Return on equity	
Company	rank	5-year average	latest 12 months
Jamesway	375	15.3%	10.1%
Rohm & Haas	376	15.2	14.3
Marshall & Ilsley	377	15.2	16.3
Questar	377	15.2	10.7
Unocal	377	15.2	2.0
May Dept Stores	380	15.2†	14.5
Rochester G&E	381	15.2	13.6
Beverly Enterprises	382	15.2	11.8
Munford	382	15.2	6.8
Federal-Mogul	384	15.2	12.9
Meridian Bancorp	384	15.2	15.4
Sterling Drug	384	15.2	13.2
Centerior Energy	387	15.2	14.0
KeyCorp	387	15.2	17.2
Potomac Electric	387	15.2	18.7
Witco	390	15.1	15.4
Johnson Controls	391	15.1	12.4
Anixter Bros	392	15.1	10.9
Scotty's	392	15.1	7.3
Kimberly-Clark	394	15.1	14.8
Niagara Mohawk Power	395	15.1	14.0
Allegheny Power	396	15.1	15.8
Bairnco	397	15.1	12.1
Southern Company	398	15.0	15.9
Engelhard	399	15.0	9.7
Sundstrand	399	15.0	13.5
Merrill Lynch	401	15.0	13.9
Signet Banking	402	15.0	19.0
AZP Group	403	15.0	13.2
Consolidated Edison	404	15.0	13.1
Computer Sciences	405	14.9	12.3
Maryland National	406	14.9	18.8
Alltel	407	14.9	15.4
Kansas City Southern	407	14.9	0.2
Torchmark	409	14.8	22.8
CPC International	410	14.8	14.4
Leaseway Transport	411	14.8	18.9
Figgie International	412	14.8	16.2
First Tennessee Natl	413	14.8	16.1
Commonwealth Ed	414	14.7	15.6
General Re	414	14.7	13.9
Squibb	414	14.7	18.0
Mapco	417	14.7	20.6
TECO Energy	417	14.7	13.6
NY State E&G	419	14.7	15.3
Enron	420	14.7	2.6
Harcourt Brace	421	14.7	22.0
Ford Motor	422	14.6	26.5
Yellow Freight System	422	14.6	21.8
Sonat	424	14.6	def
Federal Co	425	14.6	18.7
Illinois Tool Works	425	14.6	10.1
American General	427	14.6	13.5
Pacific G&E	428	14.5	14.7
Huntington Bcshs	429	14.5	15.7
Perry Drug Stores	430	14.4	10.4
Stanley Works	431	14.4	16.1
Echlin	432	14.4	16.0
Mercantile Bancorp	432	14.4	13.3
Baltimore G&E	434	14.4	16.2
Montana Power	434	14.4	18.2
National Fuel Gas	436	14.4	13.0
Ruddick	436	14.4	12.3
Delmarva Power & Lt	438	14.3	15.6

def: Deficit. †Four-year average.

Company	rank	Return on equity 5-year average	latest 12 months	Company	rank	Return on equity 5-year average	latest 12 months	Company	rank	Return on equity 5-year average	latest 12 months
Ethyl	439	14.3%	20.6%	GAF	503	13.4%	24.0%	Public Service Colo	566	12.5%	8.8%
Lubrizol	440	14.3	14.7	Rykoff-Sexton	504	13.4	7.9	Dennison Mfg	568	12.5	5.7
Schering-Plough	440	14.3	14.6	Manufacturers Hanover	505	13.4	12.4	Digital Equipment	568	12.5	13.5
Waldbaum	440	14.3	9.7	Tektronix	505	13.4	6.0	Riggs National	570	12.5	13.5
NCR	443	14.3	14.3	Shawmut	507	13.4	14.1	Arden Group	571	12.4	14.1
Public Service NM	443	14.3	12.8	US Bancorp	507	13.4	13.0	First Wisconsin	571	12.4	12.9
Florida Progress	445	14.2	17.3	Cummins Engine	509	13.4	def	Kentucky Utilities	571	12.4	12.2
Iowa Resources	446	14.2	14.3	Allied Stores	510	13.4	12.4	Society	574	12.4	15.9
Ohio Edison	447	14.2	15.0	Central Ill Pub Svc	510	13.4	13.1	Colgate-Palmolive	575	12.4	13.7
Pennzoil	448	14.2	def	Baker International	512	13.4	def	Cooper Industries	575	12.4	11.0
United Technologies	448	14.2	10.9	Sun Company	512	13.4	13.8	Detroit Edison	577	12.4	14.8
Valley National	450	14.1	12.0	General Motors	514	13.3	12.9	Pennsylvania P&L	577	12.4	11.2
Baxter Travenol Labs	451	14.1	15.7	Wetterau	514	13.3	15.5	Norfolk Southern	579	12.4	10.4
Perkin-Elmer	451	14.1	10.3	Centex	516	13.3†	15.2	George A Hormel	580	12.3	11.9
Air Prods & Chems	453	14.1	0.4	Nash Finch	516	13.3	12.7	K mart	581	12.2	9.0
Duke Power	453	14.1	13.8	Middle South Utils	518	13.3	9.8	North Amer Philips	582	12.2	4.5
Gulf States Utilities	455	14.1	12.2	Southeast Banking	519	13.3	15.3	Utah Power & Light	583	12.1	11.7
Ipalco Enterprises	455	14.1	13.3	McKesson	520	13.2	12.5	DeSoto	584	12.1	5.1
Panhandle Eastern	457	14.1	def	Pacific Lighting	521	13.2	6.0	Halliburton	584	12.1	def
Valero Energy	457	14.1	def	Chevron	522	13.1	9.0	Texas Eastern	584	12.1	def
Super Food Services	459	14.1	16.5	DWG	522	13.1	def	DPL	587	12.1	9.0
Oneok	460	14.0	8.4	Morrison-Knudsen	522	13.1	10.1	Household Intl	587	12.1	13.7
Dynalectron	461	14.0	3.1	Briggs & Stratton	525	13.1	11.1	General Signal	589	12.1	3.8
Provident Life & Acc	462	14.0	14.6	Washington Gas Light	526	13.1	12.3	Armstrong Rubber	590	12.0	def
Oklahoma G&E	463	14.0	13.8	Zurn Industries	527	13.1	9.0	Atlantic Richfield	590	12.0	12.3
Tyler	464	14.0	6.3	Harris Corp	528	13.1	7.1	FMC	592	12.0	16.1
Whittaker	465	14.0	def	Boston Edison	529	13.1	14.5	JWT Group	593	12.0	15.3
Scana	466	14.0	14.6	Phillips Petroleum	530	13.1	14.6	Honeywell	594	12.0	8.7
Alexander & Baldwin	467	13.9	17.9	Purolator Courier	530	13.1	def	Sears, Roebuck	594	12.0	11.6
Martin Marietta	468	13.9	28.5	Borg-Warner	532	13.0	12.9	Kemper	596	12.0	17.2
Orange & Rockland	469	13.9	14.0	Safeco	532	13.0	20.3	Paccar	597	12.0	6.8
Strawbridge	470	13.9	14.5	Texas American Bcshs	534	13.0	def	Westvaco	598	11.9	10.7
Hartmarx	471	13.9	8.1	M/A-Com	535	13.0	2.7	Harsco	599	11.9	10.3
Rainier Bancorp	472	13.9	13.5	United Telecom	536	12.9	0.1	Occidental Petroleum	599	11.9	2.6
Foster Wheeler	473	13.8	5.9	JC Penney	537	12.9	11.9	Triangle Industries	601	11.9	65.6
PPG Industries	473	13.8	17.7	United Banks of Colo	537	12.9	9.1	GTE	602	11.9	def
Dominion Bankshares	475	13.8	15.9	Public Svc Enterprise	539	12.9	14.7	Public Service Ind	603	11.9	65.3
Avnet	476	13.8	3.5	Raychem	540	12.8	13.2	CNA Financial	604	11.9	19.1
Safeway Stores	476	13.8	10.8	Chase Manhattan	541	12.8	13.4	Intl Minerals & Chem	604	11.9	def
Bausch & Lomb	478	13.8	17.6	Texas Industries	542	12.8	5.5	American Electric	606	11.8	12.4
Parker-Hannifin	478	13.8	13.9	Finl Corp of America	543	12.7	118.2	Becton Dickinson	606	11.8	15.6
Borden	480	13.7	15.3	Quaker State Oil	543	12.7	15.9	Tribune	608	11.8	34.5
McDonnell Douglas	480	13.7	10.6	Burlington Northern	545	12.7	def	Monarch Capital	609	11.8	19.5
Public Service NH	480	13.7	9.0	Economics Laboratory	546	12.7	18.3	Insilco	610	11.8	9.0
Cincinnati G&E	483	13.7	19.2	KN Energy	546	12.7	1.5	Kellwood	611	11.7	17.7
Holiday	483	13.7	18.2	Jefferson-Pilot	548	12.7	9.9	Bell & Howell	612	11.7	13.8
Intl Multifoods	483	13.7	10.4	Motorola	548	12.7	7.4	Wicor	613	11.7	11.9
Carolina Power & Lt	486	13.7	14.5	Atlantic City Electric	550	12.7	14.2	Dana	614	11.6	9.6
Wells Fargo	487	13.7	15.3	Louisville G&E	551	12.7	12.7	Hercules	615	11.6	13.8
First Interstate Bncp	488	13.7	12.6	Mellon Bank	551	12.7	12.2	Greyhound	616	11.6	10.4
Lorimar-Telepictures	488	13.7	def	Puget Sound P&L	553	12.7	11.7	Louisiana Land	617	11.6	def
Houston Industries	490	13.7	14.7	Avon Products	554	12.7	def	WR Grace	618	11.6	6.8
Capital Holding	491	13.6	20.8	Duquesne Light	554	12.7	12.5	NBD Bancorp	619	11.5	14.2
So New England Tel	491	13.6	13.5	MCA	554	12.7	13.0	Guy F Atkinson	620	11.5	5.8
Philadelphia Electric	493	13.6	15.6	Marsh Supermarkets	557	12.6	14.4	Arvin Industries	621	11.5	17.0
Irving Bank	494	13.6	13.5	Nortek	557	12.6	14.9	LB Foster	622	11.5	def
Intermark	495	13.5	def	Federal Paper Board	559	12.6	9.1	Dominion Resources	623	11.4	13.0
Southwest Gas	496	13.5	12.6	Business Men's Assur	560	12.6	def	Commerce Bcshs	624	11.4	11.8
First Bank System	497	13.5	15.9	Kidde	560	12.6	3.5	Hanover Insurance	625	11.4	16.5
National City	498	13.5	20.1	TRW	560	12.6	14.3	Seagram	626	11.4	11.5
American Natl Ins	499	13.5	11.9	Union Camp	563	12.5	8.2	Bemis	627	11.4	12.7
FPL Group	500	13.5	13.3	Coastal Corp	564	12.5	2.2	West Point-Pepperell	628	11.3	9.2
CILCorp	501	13.5	15.1	Archer-Daniels	565	12.5	13.1	EI du Pont	629	11.3	12.7
Federated Dept Stores	502	13.4	10.5	Eastman Kodak	566	12.5	1.7	Crown Cork & Seal	630	11.2	14.4

def: Deficit. †Four-year average.

Who's where in profitability

Company	rank	Return on equity	
		5-year average	latest 12 months
Phillips-Van Heusen	630	11.2%	12.0%
Outboard Marine	632	11.2	2.9
Computervision	633	11.2	def
Tenneco	634	11.2	def
Transamerica	635	11.1	12.0
CBI Industries	636	11.1	7.7
Goodyear	637	11.1	9.1
Ohio Casualty	637	11.1	16.3
Seaway Food Town	639	11.0	5.1
Mobil	640	11.0	11.6
Getty Petroleum	641	11.0	36.6
Carpenter Technology	642	11.0	4.2
Travelers	643	10.9	11.5
Fischbach	644	10.9	def
American Cyanamid	645	10.9	9.9
Esselte Business Sys	646	10.8	13.5
AMR	647	10.8	11.6
Union Pacific	647	10.8	def
Comerica	649	10.8	10.5
Lincoln National	650	10.8	12.2
Xerox	650	10.8	10.1
Celanese	652	10.8	22.2
Zapata	652	10.8	def
Delta Air Lines	654	10.7	5.4
Textron	654	10.7	15.7
Central Steel & Wire	656	10.7	7.5
AmeriTrust	657	10.7	11.2
Armstrong World Inds	658	10.6	15.8
First City Bancorp	659	10.6	def
Chubb	660	10.5	14.1
Godfrey	661	10.5	20.4
First Security	662	10.5	5.8
Hawaiian Electric	662	10.5	12.4
Owens-Corning	664	10.5	4.6
Liquid Air	665	10.5	10.6
Atlanta Gas Light	666	10.5	10.5
Carson Pirie Scott	667	10.5	8.0
Handy & Harman	668	10.4	def
Manufacturers Natl	669	10.4	14.9
CBS	670	10.4	30.7
Gt Northern Nekoosa	671	10.4	5.8
Marine Midland Banks	671	10.4	11.9
Life Investors	673	10.3	10.8
Scott Paper	674	10.3	14.9
Central Maine Power	675	10.2	10.9
Ryan Homes	676	10.1	15.7
Enserch	677	10.1	def
Arkansas Best	678	10.0	21.5
Pacific Resources	679	10.0	17.6
Gordon Jewelry	680	10.0	5.5
Smithfield Foods	680	10.0	22.1
Penn Traffic	682	9.9	12.4
Gelco	683	9.9	def
Santa Fe Southern	683	9.9	4.5
Caesars World	685	9.8	17.8
Primark	686	9.7	12.2
Kerr-McGee	687	9.6	def
Joy Manufacturing	688	9.6	def
Norwest	688	9.6	8.9
Interco	690	9.6	8.6
Ponderosa	691	9.6	8.1
Cabot	692	9.6	13.1
Varian Associates	692	9.6	def
Texaco	694	9.6	7.2
CNW	695	9.5%	0.1%
American Standard	696	9.5	11.3
Bearings	697	9.4	1.5
Staley Continental	698	9.3	3.8
USLife	698	9.3	10.4
Intel	700	9.3	def
Eaton	701	9.2	10.6
Centerre Bancorp	702	9.1	9.3
Ceco Industries	703	9.1	7.9
Earle M Jorgensen	704	9.1	2.9
Farm House Foods	705	9.1	5.7
ITT	706	9.0	5.7
Corning Glass Works	707	9.0	13.6
Springs Industries	708	8.8	5.3
Roper Corp	709	8.8	22.8
Willamette Inds	710	8.8	13.1
Dorsey	711	8.7	13.8
First Chicago	712	8.7	13.0
Monsanto	712	8.7	1.0
Singer	714	8.7	17.9
Commercial Metals	715	8.7	10.5
Walt Disney	716	8.7	19.9
RLC	716	8.7†	12.1
Combustion Eng	718	8.6	7.7
Manhattan Industries	719	8.6	1.2
Interlake	720	8.6	8.4
No Indiana Pub Svc	721	8.5	def
Columbia Gas System	722	8.5	4.8
Stone Container	723	8.5	2.3
Unisys	723	8.5	10.1
InterFirst	725	8.5	def
Pueblo International	726	8.4	11.1
Continental Corp	727	8.4	12.6
Northern Trust	727	8.4	12.3
IC Industries	729	8.4	def
HH Robertson	730	8.3	def
Trinova	731	8.3	22.7
Carter Hawley Hale	732	8.2	7.6
Data General	733	8.2	0.8
Owens-Illinois	734	8.2	11.9
California First Bank	735	8.2	10.3
Ogden	736	8.2	def
Ferro	737	8.2	8.2
American Petrofina	738	8.1	def
Jim Walter	739	8.0	14.0
CSX	740	8.0	def
Sun Chemical	740	8.0	12.5
Penn Central	742	7.9	5.7
Gulf & Western	743	7.9	11.7
Longview Fibre	744	7.8	13.2
Best Products	745	7.7	def
Equitable of Iowa	746	7.7	15.6
National Distillers	747	7.6	7.6
Washington National	748	7.6	9.3
Morse Shoe	749	7.5	6.8
Amdahl	750	7.5	4.6
Del E Webb	751	7.5	13.7
Dow Chemical	752	7.4	5.4
Aetna Life & Cas	753	7.4	16.6
McDermott Intl	754	7.4	18.3
Kay	755	7.4	19.7
St Paul Cos	756	7.3	15.0
Mead	757	7.2	8.6
Northwestern Natl Life	758	7.2	13.3
PS Group	759	7.1%	0.2%
General Instrument	760	7.1	def
Adolph Coors	761	7.0	6.7
International Paper	762	7.0	6.1
Williams Cos	763	7.0	def
Trinity Industries	764	7.0	3.9
Allied-Signal	765	6.9	def
United Financial	766	6.8†	def
Tele-Communications	767	6.8	21.9
Champion Spark Plug	768	6.7	def
Soo Line	769	6.7	def
Natl Semiconductor	770	6.6	def
DeKalb	771	6.6	def
Bally Manufacturing	772	6.5	6.7
Potlatch	773	6.4	10.5
Eastern Gas & Fuel	774	6.4	11.3
Skyline	775	6.2	8.5
Moore McCormack	776	6.2	def
Fieldcrest Cannon	777	6.2	7.5
USF&G	778	6.1	16.0
Fisher Foods	779	6.1	def
Perini	780	6.1	3.5
Allen Group	781	6.0	7.9
Weyerhaeuser	782	6.0	7.2
Fruehauf	783	6.0	5.8
ADT	784	5.9	def
Day International	785	5.9	9.1
GenCorp	786	5.8	10.5
HF Ahmanson	787	5.8	24.0
Zenith Electronics	788	5.8	def
Burlington Inds	789	5.8	5.0
Southern Union	790	5.7	def
Rexnord	791	5.7	6.5
Tesoro Petroleum	791	5.7	def
NL Industries	793	5.7	def
Texas Instruments	793	5.7	def
Cyclops	795	5.6	9.8
Stewart-Warner	796	5.6	3.9
Lone Star Industries	797	5.4	4.4
Mohasco	798	5.4	6.1
Georgia-Pacific	799	5.3	10.3
American Maize	800	5.3	1.4
Michigan National	801	5.2	12.2
Beneficial Corp	802	5.2	def
Resorts Intl	802	5.2	def
Orion Capital	804	5.2	def
Boise Cascade	805	5.2	5.8
Brockway Inc (NY)	806	5.1	13.1
Warner-Lambert	807	5.1	def
Di Giorgio	808	5.1	13.0
Cameron Iron Works	809	5.1	def
BankAmerica	810	5.0	def
Gt Western Financial	811	5.0	23.3
NWA	812	5.0	6.4
Firestone	813	4.9	0.7
Foodarama Supermkts	814	4.9	11.9
Ingersoll-Rand	815	4.8	8.0
Pennwalt	816	4.7	7.9
Barnes Group	817	4.7	14.4
American Can	818	4.7	15.6
Dresser Industries	819	4.7	def
General Public Utils	820	4.6	9.3
CertainTeed	821	4.5	12.4
Alcoa	822	4.5	def

def: Deficit. †Four-year average.

Company	rank	Return on equity 5-year average	 latest 12 months
Heck's	823	4.4%	def
Butler Manufacturing	824	4.4	8.2%
Kaufman & Broad	824	4.4	13.9
Consumers Power	826	4.3	def
Hughes Tool	826	4.3	def
Ashland Oil	828	4.3	18.5
FW Woolworth	828	4.3	15.9
Thorn Apple Valley	830	4.3	def
Reichhold Chemicals	831	4.1	def
Amerada Hess	832	4.1	def
Deere	833	4.0	def
Olin	834	4.0	11.1
Foxboro	835	3.9	def
UGI	836	3.8	def
Norton	837	3.6	def
Nashua	838	3.6	14.8
Polaroid	838	3.6	9.8
Timken	840	3.6	def
UAL	841	3.5	2.3
Commercial Credit	842	3.4†	1.5
Champion Intl	843	3.3	6.7
Alcan Aluminium	844	3.3	def
Western Co No Amer	845	3.3	def
Newmont Mining	846	3.3	3.6
Gibraltar Financial	847	3.1	19.2
Union Carbide	848	3.1	30.0
Louisiana-Pacific	849	2.9	6.9
Research-Cottrell	850	2.8	11.5
Warner Comm	851	2.6	47.8
Alexander's	852	2.6	3.7
Ampco-Pittsburgh	853	2.4	def
Zale	854	2.4	def
Cincinnati Milacron	855	2.3	6.9
Datapoint	856	2.0	def
Gould	857	2.0	def
Cigna	858	1.9†	def
Gates Learjet	859	1.5	def
Arrow Electronics	860	1.2	def
Crown Central Pet	861	1.2	def
Crane	862	1.2	15.3
Talley Industries	862	1.2	11.6
Anchor Hocking	864	1.1	def
United Brands	865	1.1	13.7
AO Smith	866	1.1	15.2
JP Stevens	867	0.9	7.9
First City Inds	868	0.9	def
USX	869	0.6	def
Black & Decker	870	0.4	def
Allied Supermarkets	871	0.4††	4.8
American Bakeries	872	0.2	12.4
Amfac	872	0.2	def
Diamond Shamrock	874	0.2	def
Control Data	875	0.0	def
Stewart & Stevenson	876	def	def
Lukens	877	def	2.6
US Home	878	def	def
Fluor	879	def	def
National-Standard	880	def	2.2
Lafarge	881	def	6.6
Caterpillar	882	def	10.1
Borman's	883	def	21.1
IU International	884	def	def
Manville	885	def	7.6
GATX	886	def	8.3
Copperweld	887	def	def
Manpower	888	def	def
Dravo	889	def	3.2%
Chicago Pneumatic	890	def	def
Westmoreland Coal	890	def	11.3
Becor Western	892	def	1.5
Koppers	893	def	def
Mack Trucks	894	def	def
Toro	895	def	21.1
Pittston	896	def	1.7
Reynolds Metals	897	def	5.1
Global Marine	898	def	def
People Express	899	def†	def
Eagle-Picher Inds	900	def	def
Great A&P Tea	901	def	8.9
Revere Copper	902	def	def
Nicor	903	def	def
Gearhart Industries	904	def	def
Fedl Natl Mortgage	905	def	11.3
Ramada Inns	906	def	3.9
BF Goodrich	907	def	def
Kaiser Alum & Chem	908	def	def
First Pennsylvania	909	def	def
Alexander & Alexander	910	def††	1.0
Continental Illinois	911	def	4.1
Clark Equipment	912	def	def
Kerr Glass Mfg	913	def	def
Southwest Forest Inds	914	def	def
General Refractories	915	def	31.3
Chromalloy American	916	def	11.1
Genesco	917	def	def
Allegheny Intl	918	def	def
Fairchild Industries	919	def	5.2
Phelps Dodge	920	def	3.2
Athlone Industries	921	def	def
Inland Steel Inds	922	def	def
Northwestern Steel	923	def	2.0
Harnischfeger Inds	924	def	def
Asarco	925	def	def
Smith International	926	def	def
National Intergroup	927	def	def
American Hoist	928	def	def
Imperial Corp of Am	929	def†	10.8
Armco	930	def	def
Western Union	931	def	def
Inco	932	def	def
Interstate Bakeries	933	def	19.5
Mattel	934	def†	11.2
LTV	935	def	def
AMAX	936	def	def
United Merchants	937	def	def
AH Robins	938	def†	NE
Inspiration Resources	939	def	def
Pan Am	940	def	6.3
Bethlehem Steel	941	def	def
Wilson Foods	942	def	def
Tosco	943	def††	def
Eastern Air Lines	944	def	def
Ideal Basic Inds	945	def	def
Wheeling-Pittsburgh	946	def	def
Charter	947	def†	def
Western Air Lines	948	def	def
American Motors	949	def	def
NVF	950	def†	def
Evans Products	951	def	def
Savin	952	def	def
Navistar Intl	953	def†	def
Allis-Chalmers	954	def	def
Texas Air	955	def††	8.1%
Wickes Cos	956	def††	6.6
Storage Technology	957	def	NE
Tiger International	958	def	def
Pullman-Peabody	959	NE	26.0
AM International	959	NE	def
Chrysler	959	NE	31.1
Revlon Group	959	NE	def
Varity Corp	959	NE	34.1
American President		NA	0.7
American Tel & Tel		NA	12.0
AmeriFirst Federal		NA	NA
Ameritech		NA	15.0
Anchor Glass		NA	201.7
Bear Stearns Cos		NA	37.1
Bell Atlantic		NA	14.7
BellSouth		NA	15.1
CalFed		NA	16.9
Carteret Savings		NA	14.5
Castle & Cook		NA	13.0
CenTrust Savings		NA	def
Child World		NA	5.7
Coast S&L Assoc		NA	12.4
Compaq Computer		NA	25.4
Costco Wholesale		NA	10.8
CrossLand Savings		NA	17.4
Cyprus Minerals		NA	def
Dime Savings Bank		NA	NA
Fireman's Fund		NA	12.8
First Federal Mich		NA	31.8
Florida Federal S&L		NA	def
General Mills		NA	25.8
GlenFed		NA	13.3
Gt Am First Savings		NA	18.4
Henley Group		NA	NA
Home Federal S&L		NA	14.8
Home Group		NA	3.3
Kenner Parker Toys		NA	0.5
Leslie Fay Cos		NA	NE
Masco Industries		NA	13.5
MeraBank		NA	18.3
Meritor Financial		NA	def
Morgan Stanley		NA	49.7
Nynex		NA	14.4
Omnicom Group		NA	NA
Pacific Telesis		NA	14.3
Pay'n Save		NA	NA
Premark Intl		NA	NA
Southwestern Bell		NA	13.1
SSMC		NA	NA
Stater Bros		NA	87.6
TCF Banking & Savings		NA	NA
Temple-Inland		NA	8.6
Tops Markets		NA	16.7
Trans World Airlines		NA	def
UNUM Corp		NA	NA
US West		NA	13.7
York International		NA	NA

def: Deficit. NA: Not available. NE: Negative equity. †Four-year average. ††Three-year average.

WHO'S WHERE IN THE INDUSTRY GROUPS

Stock prices were hotter than corporate earnings in 1986. Meanwhile, profitability continued to slip: The average company was unable to match its five-year performance.

INDUSTRY IN THE U.S. HUFFED AND PUFFED through 1986 but couldn't quite make the grade. For the 12 months through Sept. 30, the 1,012 companies in our annual survey of business averaged a return on equity of 13.0%, vs. a 12.6% five-year average. One year ago five-year profitability was 13.7%. Latest 12-month earnings are up 2.8% for the median firm. But real earnings growth (after subtracting a modest 1.5% gain in the Consumer Price Index) is only 1.3%. U.S. business is getting less and less profitable.

Wall Street apparently couldn't have cared less. During the last two years, stock prices steadily climbed to new highs, with the price/earnings multiple on the Wilshire index up from 10.8 at year-end 1984 to 17.5 at present. True, profits are no longer pumped by double-digit inflation, but the expansion of the multiple may be ready for a major correction if earnings don't soon improve.

The top-ranked groups in five-year average return on equity are beverages and tobacco, health, communications media and food distributors. At the bottom are metals, heavy equipment, air transport and coal. Coal, however, posted an 11.3% return on equity in the latest 12 months.

Freight carriers in the air transport industry posted the largest 12-month decline—from a five-year average return of 13.1% to a deficit. Only a few years ago these companies were Wall Street favorites. Times sure change. ■

Yardsticks of management performance

	Profitability					**Growth**					
	Return on equity					Sales			Earnings per share		
Industry	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Beverages and tobacco	**1**	**21.9%**	**18.2%**	**33.8%**	**6.5%**	**12**	**7.6%**	**11.0%**	**5**	**9.2%**	**10.4%**
Alcoholic beverages		20.3	15.9	33.8	6.5		11.5	8.2		5.0	12.9
Soft drinks		22.6	23.6	68.4	8.8		5.3	12.8		9.1	–14.1
Tobacco		22.8	18.2	26.3	6.5		7.6	19.7		10.1	1.9
Health	**2**	**19.3**	**15.6**	**31.3**	**8.3**	**11**	**8.3**	**13.6**	**3**	**10.5**	**10.5**
Drugs		17.9	17.8	23.1	10.9		4.9	11.0		6.6	10.1
Medical supplies		17.7	15.7	24.4	8.8		9.8	14.7		6.3	24.5
Health care services		24.7	11.4	157.9	4.3		32.5	19.2		24.4	–10.8
Communications media	**3**	**19.1**	**20.9**	**46.0**	**7.3**	**4**	**11.5**	**12.0**	**1**	**15.6**	**9.0**
Publishing		19.1	20.9	50.3	7.4		11.1	11.1		16.3	7.8
Broadcasting		19.1	21.9	85.0	7.3		14.3	12.3		14.9	39.3
Media services		19.1	19.6	10.0	5.4		12.1	16.3		16.8	19.3
Food distributors	**4**	**17.0**	**13.0**	**62.0**	**1.2**	**9**	**9.5**	**8.8**	**4**	**9.6**	**1.2**
Wholesale and supply		16.2	12.0	76.5	1.0		14.3	11.5		7.6	–3.9
Major supermarkets		18.9	10.8	67.0	1.1		10.7	4.7		14.2	–14.9
Regional supermarkets		14.4	14.4	50.9	1.1		7.2	7.5		9.6	7.5
Convenience stores		16.3	10.8	125.7	1.4		19.3	–0.7		11.3	–18.9
Restaurant chains		18.1	12.2	53.8	3.1		9.5	10.1		7.8	0.2

Yardsticks of management performance

	Profitability					Growth					
	Return on equity					Sales			Earnings per share		
Industry	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Electrical equipment	5	16.7%	16.7%	13.9%	6.3%	21	5.2%	7.3%	8	7.1%	9.8%
Financial services	6	**16.5**	**13.9**	**120.3**	**3.9**	1	**15.6**	**9.2**	16	**–0.9**	**8.9**
Financial companies		13.9	12.0	149.1	4.9		12.5	8.2		5.6	2.7
Brokerage houses		19.4	18.5	57.9	3.8		23.5	17.9		–5.9	11.3
Commodity traders		8.7	19.1	74.0	1.8		–2.3	–5.9		–0.9	91.9
Retailing	6	**16.5**	**13.0**	**52.4**	**2.7**	3	**12.6**	**8.8**	2	**11.6**	**7.5**
Apparel		18.3	13.9	36.6	3.2		15.2	10.2		10.8	19.9
Catalog showrooms		10.0	def	99.8	def		20.1	–1.8		–14.3	P–D
Department stores		13.2	11.8	66.4	3.2		10.6	5.8		10.3	5.5
Discount and variety		17.2	13.9	62.4	1.8		14.9	14.4		26.7	–7.3
Drugs		18.2	14.9	72.2	1.9		13.5	8.1		16.1	–1.1
Jewelry		8.7	12.6	63.2	2.3		3.5	9.6		–2.6	40.6
Shoes		11.6	12.4	34.7	3.2		3.7	6.9		–6.8	21.3
Miscellaneous		18.8	14.7	34.3	2.8		22.0	12.9		17.8	2.3
Industrial, office services	8	**15.3**	**14.5**	**24.5**	**4.0**	12	**7.6**	**14.2**	6	**8.8**	**5.2**
Industrial services		18.7	17.6	14.1	4.6		9.9	12.0		11.5	6.1
Office products & services		14.9	13.8	38.0	4.0		6.7	14.2		2.7	4.8
Food processors	9	**15.1**	**14.6**	**51.3**	**3.1**	20	**5.3**	**6.0**	8	**7.1**	**12.9**
Food commodities		13.1	11.6	41.4	1.9		4.8	4.7		–6.5	–15.3
Meatpacking		11.9	13.7	80.1	1.6		5.3	2.0		3.0	30.2
Branded foods		16.7	17.0	51.6	4.2		5.5	8.0		8.5	12.8
Banks and thrifts	10	**15.0**	**15.5**	**41.9**	**7.8**	2	**13.7**	**5.4**	7	**7.6**	**12.0**
Multinational		13.6	13.4	60.4	6.1		3.3	–4.9		2.9	6.1
Northeast		16.1	17.0	35.0	9.8		14.6	13.8		9.8	15.4
Mid-Atlantic		15.2	17.0	35.4	9.1		13.8	8.1		11.4	10.9
North central		12.4	14.2	24.7	8.5		11.5	5.1		9.0	14.0
Southeast		16.6	17.5	27.6	9.1		14.7	6.9		15.9	11.7
South central		15.6	def	40.3	def		11.8	–14.4		–7.4	P–D
Western		13.7	12.6	54.3	6.3		7.6	2.5		4.6	9.0
Thrift institutions		15.8	17.9	106.1	5.4		23.8	9.5		NM	27.4
Aerospace and defense	11	**14.9**	**12.3**	**28.1**	**3.9**	23	**4.7**	**5.4**	14	**0.6**	**–7.9**
Electric utilities	12	**14.3**	**14.5**	**93.5**	**13.1**	10	**8.4**	**–0.6**	10	**6.8**	**2.8**
Northeast		14.6	14.6	90.5	13.4		7.8	–1.0		8.4	4.3
North central		14.2	14.5	103.5	12.1		8.2	–0.3		6.5	2.1
Southeast		14.0	13.8	91.7	12.0		11.6	4.7		7.1	0.0
South central		14.1	14.7	99.7	13.5		10.9	–3.7		6.1	0.2
Western		14.5	13.5	85.9	14.6		9.4	0.8		5.8	5.6
Telecommunications	12	**14.3**	**13.3**	**63.0**	**8.8**	5	**11.4**	**3.6**	20	**–3.0**	**3.0**
Carriers		14.9	13.7	70.7	10.9		10.0	3.7		5.7	4.4
Manufacturing		13.0	5.7	25.1	2.8		13.6	0.8		–10.6	–20.1
Natural gas	14	**14.0**	**11.3**	**81.9**	**4.8**	14	**7.5**	**–6.5**	11	**5.2**	**–8.5**
Producers & pipeliners		12.7	def	115.8	def		5.7	–15.6		–19.5	P–D
Distributors		14.2	13.6	79.4	8.1		8.3	–3.0		7.1	1.2
Integrated		14.2	7.2	76.6	3.5		5.0	–14.1		–4.8	–11.4
Consumer products	15	**12.7**	**13.6**	**41.7**	**4.4**	26	**3.9**	**7.4**	17	**–1.7**	**9.3**
Appliances		12.7	16.6	43.6	3.5		7.5	6.7		2.9	3.6
Home furnishings		8.9	8.3	44.5	2.3		1.3	6.0		–6.6	20.8
Household products		18.2	18.3	20.1	6.3		4.6	6.7		2.4	9.1
Personal products		16.4	14.7	43.9	5.4		4.6	9.9		0.4	9.6
Insurance	16	**12.6**	**14.6**	**17.2**	**5.8**	6	**11.1**	**16.3**	12	**3.4**	**48.2**
Brokers		9.9	22.8	22.2	7.0		10.8	25.3		–0.8	49.1
Diversified		12.5	15.5	16.4	6.3		10.9	15.6		4.0	43.5
Life and health		13.1	14.3	15.2	5.8		17.3	12.9		10.1	54.2
Property and casualty		11.1	15.0	20.6	5.4		8.7	20.4		–15.1	59.1

P–D: Profit to deficit. def: Deficit. NM: Not meaningful.

Industry medians

Yardsticks of management performance

	Profitability					**Growth**					
	Return on equity					Sales			Earnings per share		
Industry	rank	5-year average	latest 12 months	debt as % of equity	net profit margin	rank	5-year average	latest 12 months	rank	5-year average	latest 12 months
Leisure and recreation	**17**	**12.5%**	**13.4%**	**82.2%**	**5.2%**	**21**	**5.2%**	**21.6%**	**26**	**–10.9%**	**7.7%**
Entertainment		10.4	13.0	74.6	6.4		9.1	14.0		–24.7	2.7
Hotels and gaming		9.8	15.3	123.1	5.9		5.4	5.1		1.2	12.4
Recreation		27.7	16.5	22.6	3.7		6.7	10.4		51.8	14.2
Photography		12.5	9.8	15.6	5.8		–2.6	7.3		–9.6	41.9
Toys and electronics		33.4	7.2	112.9	1.4		24.2	–4.1		NM	–33.9
Computers & electronics	**18**	**12.2**	**6.3**	**20.5**	**3.0**	**7**	**10.9**	**1.8**	**22**	**–4.2**	**–35.3**
Computers		13.1	9.5	24.2	3.5		14.6	7.6		1.9	–1.0
Electronic equipment		12.1	6.3	20.5	3.2		7.8	–0.4		–1.7	–38.9
Semiconductors		8.2	def	21.1	def		13.4	–9.0		NM	P–D
Packaging	**19**	**11.9**	**13.1**	**44.5**	**3.8**	**18**	**6.2**	**6.0**	**13**	**1.3**	**9.6**
Surface transportation	**19**	**11.9**	**10.4**	**81.2**	**3.1**	**15**	**7.2**	**2.9**	**14**	**0.6**	**–10.4**
Railroads		9.5	0.1	79.3	0.3		3.6	–7.3		–2.7	P–D
Trucking and leasing		14.7	14.3	98.4	3.5		8.4	10.9		5.0	18.1
Other surface		13.9	5.6	60.6	2.5		9.4	7.8		0.1	–44.7
Chemicals	**21**	**11.8**	**10.9**	**42.7**	**4.3**	**28**	**1.5**	**1.1**	**25**	**–10.2**	**1.1**
Diversified		10.9	12.7	40.6	4.4		0.9	1.2		–4.1	12.3
Specialized		13.4	9.7	45.7	2.9		2.2	0.9		–10.5	–7.6
Conglomerates	**21**	**11.8**	**9.0**	**60.1**	**2.9**	**27**	**2.3**	**–2.3**	**19**	**–2.3**	**–20.1**
Automotive	**23**	**11.5**	**10.1**	**36.7**	**2.9**	**17**	**6.5**	**3.0**	**21**	**–3.6**	**–29.9**
Automobiles and trucks		6.0	6.8	32.8	2.7		8.6	1.4		NM	–44.7
Automotive parts		11.6	11.6	40.0	2.9		5.5	3.4		–12.6	–26.7
Recreational vehicles		18.5	8.5	8.9	3.1		28.0	–2.8		20.5	–24.8
Tire and rubber		8.5	4.9	38.7	1.7		4.9	4.1		–5.2	–56.1
Apparel, shoes & textiles	**24**	**11.3**	**8.7**	**35.5**	**2.8**	**19**	**5.5**	**–2.1**	**18**	**–2.0**	**39.6**
Apparel		11.7	8.7	20.9	3.3		9.8	–3.3		14.9	25.9
Shoes		17.3	10.4	34.9	2.7		9.4	–1.6		–1.1	9.7
Textiles		9.8	6.6	44.5	2.2		1.0	1.3		–20.0	43.4
Oil	**25**	**10.9**	**def**	**63.1**	**def**	**29**	**0.5**	**–15.4**	**28**	**–34.0**	**P–D**
International oils		12.5	10.3	49.8	4.0		–0.4	–20.0		–8.2	19.8
Other oil and gas		11.0	2.0	70.0	0.3		0.8	–14.8		–28.5	P–D
Oilfield services		5.1	def	69.3	def		–2.7	–19.7		NM	P–D
Construction	**26**	**10.5**	**8.6**	**40.2**	**3.1**	**24**	**4.6**	**2.6**	**24**	**–5.1**	**–8.3**
Residential builders		10.1	13.7	11.5	3.5		9.5	4.1		17.2	13.6
Commercial builders		11.5	5.8	29.0	1.0		2.6	4.1		–29.8	–23.5
Cement and gypsum		5.8	5.0	63.7	2.4		2.7	–1.5		–21.7	–60.1
Lumber		5.3	7.1	58.0	3.8		4.7	–0.4		–7.9	56.2
Other materials		12.1	11.7	41.0	3.8		5.0	4.3		0.2	–10.4
Paper	**27**	**10.4**	**10.4**	**63.5**	**4.6**	**16**	**7.1**	**3.9**	**22**	**–4.2**	**–0.7**
Coal	**28**	**6.4**	**11.3**	**75.5**	**3.8**	**25**	**4.5**	**2.4**	**29**	**NM**	**–13.5**
Air transport	**29**	**6.1**	**2.3**	**83.6**	**0.7**	**8**	**9.8**	**2.7**	**29**	**NM**	**–93.2**
Freight		13.1	def	48.9	def		6.2	1.1		NM	P–D
Airlines		5.0	5.9	148.8	1.2		10.1	9.8		NM	–79.3
Heavy equipment	**30**	**5.7**	**6.7**	**42.8**	**2.2**	**30**	**–2.9**	**1.0**	**27**	**–33.1**	**–37.6**
Agricultural		4.0	15.1	107.1	0.2		–11.6	–3.0		–33.1	P–D
Building and mining		def	def	43.5	def		–8.0	–2.1		NM	P–D
Industrial		8.3	7.9	38.8	2.3		–0.7	1.6		–16.2	–27.9
Metals	**31**	**def**	**def**	**50.7**	**def**	**31**	**–3.7**	**–3.0**	**29**	**NM**	**P–D**
Nonferrous metals		def	def	62.3	def		–4.4	–2.7		NM	P–D
Steel		0.2	0.2	44.6	def		–1.7	–3.8		NM	P–D
All-industry medians		**12.6**	**13.0**	**46.0**	**3.9**		**7.1**	**3.9**		**–0.9**	**2.8**

P-D: Profit to deficit. def: Deficit. NM: Not meaningful.

WHO'S WHERE IN THIS ISSUE

On pages 64 to 213, companies were ranked against their peers in the same industry. On the following pages, organized alphabetically, we show how each of 1,012 companies stacks up against every other company in the survey, regardless of industry. There are three rankings for every corporation: five-year average return on equity, five-year earnings growth and five-year stock market performance. In addition, the last column lists each company's industry survey page. Those companies with more than one page number are in multiple lines of business. In this survey a company can appear in as many as three different industries or subindustries.

Where to find the company

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Abbott Laboratories	52	159	203	140, 140
ADT	784	**	734	101
Advanced Micro	227	**	375	101
Aetna Life & Cas	753	712	765	154
HF Ahmanson	787	**	138	74
Air Prods & Chems	453	501	581	93
Albertson's	122	215	190	130
Alcan Aluminium	844	**	733	162
Alco Standard	374	569	505	106, 148
Alexander & Alexander	910	**	806	154
Alexander & Baldwin	467	269	48	210
Alexander's	852	252	124	206
Allegheny Beverage	12	**	509	130
Allegheny International	918	**	923	106, 114
Allegheny Power	396	414	261	120
Allen Group	781	**	675	71
Allied Bancshares	56	192	892	74
Allied-Signal	765	**	719	64, 71
Allied Stores	510	219	75	206
Allied Supermarkets	871	**	58	130, 130
Allis-Chalmers	954	**	949	146
Alltel	407	374	397	212
Alcoa	822	**	730	162
AM International	959	**	704	148
AMAX	936	**	944	97, 162
Amdahl	750	289	702	101
Amerada Hess	832	**	819	198
American Bakeries	872	**	214	134
American Bankers	239	221	518	154
American Brands	156	525	453	78, 106
American Can	818	**	410	154, 206
American Continental	28	12	13	74
American Cyanamid	645	565	328	93, 140
American Electric	606	503	632	120
American Express	255	472	365	126
American Family	362	98	20	154
American General	427	480	348	154
American Greetings	226	129	224	99
American Hoist	928	**	914	114, 146
American Home Prods	24	290	520	114, 140
American Intl Group	281	511	494	154
American Maize	800	**	484	134
American Medical	135	254	862	140
American Motors	949	**	735	71
American Natl Ins	499	160	247	154
American Petrofina	738	**	858	198
American President	**	482	731	210
American Standard	696	714	712	108, 108, 210
American Stores	50	68	60	130, 206
American Tel & Tel	**	**	713	212
AmeriFirst Federal	**	**	**	74
Ameritech	**	**	562	212
AmeriTrust	657	395	327	74
Ames Dept Stores	85	90	33	206
Ametek	140	274	672	146
Amfac	872	**	838	106, 134
Amoco	251	483	740	198
AMP	146	519	488	101
Ampco-Pittsburgh	853	**	819	146, 162
AMR	647	**	80	66
Anchor Glass	**	**	**	202
Anchor Hocking	864	**	615	114, 202
Anheuser-Busch Cos	144	172	163	78

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Anixter Bros	392	618	722	212
Apple Computer	10	86	662	101
Archer-Daniels	565	605	538	134
Arden Group	571	139	26	130
Arkansas Best	678	**	59	210
Arkla	294	619	794	164
Armco	930	**	950	162
Armstrong Rubber	590	589	583	71
Armstrong World Inds	658	112	173	108
Arrow Electronics	860	**	927	101
Arvin Industries	621	47	148	71, 114
Asarco	925	**	903	162
Ashland Oil	828	**	603	198
Athlone Industries	921	**	904	162
Guy F Atkinson	620	511	**	108
Atlanta Gas Light	666	351	250	164
Atlantic City Electric	550	466	446	120
Atlantic Richfield	590	**	747	198
Automatic Data	202	217	324	148
Avery International	275	216	298	202
Avnet	476	598	769	101
Avon Products	554	**	827	114
AZP Group	403	444	688	120
Bairnco	397	94	367	101, 108
Baker International	512	**	941	198
Ball Corp	278	228	110	202
Bally Manufacturing	772	**	882	158, 158
Baltimore G&E	434	295	257	120, 164
Banc One	199	226	301	74
Bank of Boston	359	335	344	74
Bank of New England	314	318	245	74
Bank of New York	333	265	343	74
BankAmerica	810	**	880	74
Bankers Trust NY	273	419	402	74
Barnes Group	817	**	617	71
Barnett Banks Fla	228	167	191	74
Bausch & Lomb	478	214	714	140
Baxter Travenol Labs	451	672	800	140
BayBanks	370	331	264	74
Bear Stearns Cos	**	**	**	126
Bearings	697	616	828	146
Becor Western	892	**	872	64, 146
Becton Dickinson	606	541	540	140
Bell & Howell	612	**	137	148
Bell Atlantic	**	**	537	212
BellSouth	**	**	553	212
Bemis	627	338	99	202
Beneficial Corp	802	**	172	126, 154
Bergen Brunswig	196	202	738	140
Berkshire Hathaway	259	30	76	106, 154
Best Products	745	724	836	206
Bethlehem Steel	941	**	945	162
Beverly Enterprises	382	122	427	140
Big Bear	17	88	576	130
Big V Supermarkets	296	637	659	130
Bindley Western Inds	65	110	764	140
Black & Decker	870	**	792	114
H&R Block	81	360	438	126, 148
Blount	220	597	633	108
Boatmen's Bancshares	286	319	353	74
Boeing	280	479	202	64
Boise Cascade	805	607	635	108, 202, 204
Borden	480	332	81	93, 134

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **Not ranked.
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Where to find the company

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Borg-Warner	532	428	268	71, 93, 148
Borman's	883	**	14	130
Boston Edison	529	427	437	120
Bowater	217	590	**	204
Briggs & Stratton	525	586	700	114
Bristol-Myers	82	218	293	114, 140
Brockway Inc (NY)	806	699	325	202
Brooklyn Union Gas	334	428	511	164
Brown-Forman	107	345	684	78
Brown Group	339	550	423	68, 206
Browning-Ferris Inds	102	144	142	148
Bruno's	27	92	37	130
Brunswick	45	28	36	158
Burlington Inds	789	711	666	68, 114
Burlington Northern	545	342	435	164, 210
Business Men's Assur	560	422	547	154
Butler Manufacturing	824	**	773	108
Cabot	692	**	770	93, 198
Caesars World	685	**	519	158
CalFed	**	4	711	74
California First Bank	735	601	434	74
Cameron Iron Works	809	**	947	198
Campbell Soup	368	313	132	134
Capital Cities/ABC	128	181	160	99, 99
Capital Holding	491	330	284	154
Carlisle Cos	142	567	812	101, 108
Carolina Freight	142	177	65	210
Carolina Power & Lt	486	401	557	120
Carpenter Technology	642	658	884	162
Carson Pirie Scott	667	423	111	130, 206
Carter Hawley Hale	732	611	316	206, 206
Carteret Savings	**	**	601	74
Castle & Cook	**	**	554	134
Caterpillar	882	**	889	146
CBI Industries	636	**	907	93, 108
CBS	670	709	300	99, 158
Ceco Industries	703	593	223	108
Celanese	652	**	114	68, 93
Centel	264	441	628	212
Centerior Energy	387	328	**	120
Centerre Bancorp	702	614	679	74
Centex	516	168	**	108, 108
Central & South West	321	362	420	120
Central Hudson G&E	372	418	645	120
Central Ill Pub Svc	510	443	366	120, 164
Central Maine Power	675	721	699	120
Central Steel & Wire	656	498	639	162
CenTrust Savings	**	**	**	74
CertainTeed	821	**	381	108
Champion Intl	843	**	669	108, 204
Champion Spark Plug	768	663	720	71
Charter	947	**	926	198
Charter Medical	19	42	232	140
Chase Manhattan	541	504	742	74
Chemical New York	357	382	616	74
Chesebrough-Pond's	188	594	728	93, 114, 134
Chevron	522	639	804	198
Chicago Pneumatic	890	**	550	71, 146
Child World	**	**	**	206
Chromalloy American	916	**	750	106, 146
Chrysler	959	2	8	71
Chubb	660	648	294	154
Church's Fried	232	627	741	130

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Cigna	858	**	776	126, 154
CILCorp	501	415	286	120, 164
Cincinnati Financial	230	361	146	154
Cincinnati G&E	483	415	637	120, 164
Cincinnati Milacron	855	**	845	146
Circle K	329	**	120	130
Circuit City Stores	48	23	2	206
Citicorp	353	237	560	74
Citizens & Southern	288	261	320	74
CityFed Financial	204	24	54	74
Clark Equipment	912	**	873	71, 146
Clorox	151	137	116	114
CNA Financial	604	124	208	154
CNW	695	**	818	210
Coachmen Industries	217	131	354	71
Coast S&L Assoc	**	**	**	74
Coastal Corp	564	72	691	164, 198
Coca-Cola	94	348	243	78
Coleco Industries	1	**	346	158
Colgate-Palmolive	575	674	424	114
Collins & Aikman	178	32	19	68
Collins Foods Intl	184	102	67	130, 130
Colt Industries	285	**	265	64, 71, 146
Columbia Gas System	722	**	737	164
Columbia S&L	5	133	35	74
Combined Intl	237	383	456	154
Combustion Eng	718	**	843	146
Comdisco	25	45	251	148
Comerica	649	430	408	74
Commerce Bcshs	624	239	359	74
Commercial Credit	842	**	**	126
Commercial Metals	715	650	514	126
Commonwealth Ed	414	316	650	120
Commonwealth Energy	302	196	319	120, 164
Compaq Computer	**	**	744	101
Computer Sciences	405	495	278	64, 148
Computervision	633	**	925	101
ConAgra	103	186	79	134
Consolidated Edison	404	256	267	120
Consol Freightways	229	437	430	210
Consol Natural Gas	362	257	369	164
Consolidated Papers	206	209	131	204
Consumers Power	826	**	830	120, 164
Contel	351	393	619	212
Continental Bancorp	252	403	347	74
Continental Corp	727	693	651	154
Continental Illinois	911	**	**	74
Control Data	875	**	883	101
Cooper Industries	575	681	876	116, 146
Cooper Tire & Rubber	176	493	143	71
Adolph Coors	761	566	447	78
Copperweld	887	**	942	162
CoreStates Financial	186	83	105	74
Corning Glass Works	707	595	527	101, 114, 140
Costco Wholesale	**	**	**	206
CPC International	410	625	536	134, 134
Crane	862	**	670	108
CrossLand Savings	**	**	**	74
Crown Central Pet	861	**	837	198
Crown Cork & Seal	630	445	189	202
CSX	740	**	701	164, 210
Culbro	76	398	77	78, 130
Cullum Cos	192	438	417	130

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Company	Profitability	Growth	Stock market	Industry survey page
Cummins Engine	509	52	627	71
Curtice-Burns Foods	189	179	388	134
Cyclops	795	**	282	162
Cyprus Minerals	**	**	**	97, 162
Dana	614	230	625	71
Data General	733	647	778	101
Datapoint	856	**	**	101
Day International	785	283	399	71, 146
Dayton-Hudson	279	219	296	206
Dean Foods	70	140	55	134
Deere	833	720	898	146
DeKalb	771	662	901	134, 198
Delchamps	134	321	577	130
Delmarva Power & Lt	438	263	339	120
Delta Air Lines	654	**	565	66
Deluxe Check	38	134	126	99
Dennison Mfg	568	680	549	148, 202
DeSoto	584	251	213	108
Detroit Edison	577	435	680	120
Dexter	347	516	535	93
Di Giorgio	808	**	304	130
Diamond Shamrock	874	**	915	198
Dibrell Brothers	116	44	122	78
Digital Equipment	568	509	458	101
Dillard Dept Stores	118	35	9	206
Dime Savings Bank	**	**	**	74
Walt Disney	716	657	235	158
Diversified Energies	311	599	364	164
Dollar General	127	74	89	206
Dominion Bankshares	475	309	416	74
Dominion Resources	623	432	332	120
RR Donnelley	252	170	192	99
Dorsey	711	**	418	202, 210
Dover	109	456	763	106, 108
Dow Chemical	752	718	503	93
Dow Jones	37	149	489	99
DPL	587	642	587	120, 164
Dravo	889	**	809	108, 146
Dresser Industries	819	**	909	146, 198
EI du Pont	629	545	463	93, 198
Duke Power	453	439	451	120
Dun & Bradstreet	16	106	204	99, 99
Duquesne Light	554	463	824	120
DWG	522	671	705	68, 106
Dynalectron	461	656	604	64, 108
E-Systems	124	80	333	64
Eagle-Picher Inds	900	**	390	71, 146
Eastern Air Lines	944	**	663	66
Eastern Gas & Fuel	774	**	758	97, 164
Eastman Kodak	566	696	723	158
Eaton	701	**	474	71, 101
Echlin	432	55	254	71
Economics Laboratory	546	**	311	93, 114
Edison Bros Stores	291	616	**	206, 206
EG&G	41	183	687	64, 101
Emerson Electric	137	397	590	114, 116
Emerson Radio	54	1	15	114
Emery Air Freight	131	564	803	66
Emhart	284	469	444	108, 146
Engelhard	399	638	757	93, 162
Enron	420	579	759	164
Enserch	677	**	900	108, 164
Entex	161	478	716	74, 164

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Equifax	106	343	61	126
Equitable of Iowa	746	577	530	154, 206
Equitable Resources	115	248	497	164
Esselte Business Sys	646	104	**	148
Ethyl	439	286	43	93, 154
Evans Products	951	**	965	206
Exxon	223	536	495	198
Fairchild Industries	919	**	834	64
Family Dollar Stores	46	75	50	206
Farm House Foods	705	667	842	130
Farmers Group	246	285	429	154
Federal Co	425	76	158	134, 134
Federal Express	89	266	523	66
Federal-Mogul	384	387	621	71
Fedl Natl Mortgage	905	**	136	126
Federal Paper Board	559	682	460	202, 204
Federated Dept Stores	502	477	370	206
Ferro	737	673	724	93
Fidelcor	266	94	244	74
Fieldcrest Cannon	777	651	291	114
Figgie International	412	476	249	106
Finl Corp of America	543	**	814	74
Fireman's Fund	**	**	**	154
Firestone	813	**	496	71
First Bank System	497	353	277	74
First Boston	51	148	68	126
First Chicago	712	535	665	74
First City Bancorp	659	710	952	74
First City Inds	868	**	789	108, 114
First Executive	7	105	147	154
First Federal Mich	**	**	281	74
First Fidelity Bncp	316	386	178	74
First Interstate Bncp	488	481	696	74
First of America Bank	348	143	133	74
First Pennsylvania	909	**	266	74
First Security	662	684	793	74
First Tennessee Natl	413	286	187	74
First Union	293	127	263	74
First Wachovia	214	128	**	74
First Wisconsin	571	488	197	74
Fischbach	644	**	877	108
Fisher Foods	779	**	856	130
Fleet Financial	207	206	171	74
Fleetwood Enterprises	136	6	182	71, 108
Fleming Cos	233	241	342	130
Florida Federal S&L	**	**	823	74
Florida Natl Banks	325	38	467	74
Florida Progress	445	243	323	120
Flowers Industries	153	189	97	134
Fluor	879	**	929	108
FMC	592	571	104	64, 93
Food Lion	42	99	47	130
Foodarama Supermkts	814	325	57	130
Ford Motor	422	**	29	71
Fort Howard Paper	113	234	439	202, 204
LB Foster	622	**	943	198
Foster Wheeler	473	683	851	108, 146
Foxboro	835	**	887	146
FPL Group	500	358	472	120
Freeport-McMoRan	340	645	870	93, 198
Fruehauf	783	**	177	71, 71
Fuqua Industries	152	254	123	106, 114, 158
GAF	503	**	66	93, 108

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Rank

Company	Profitability	Growth	Stock market	Industry survey page
Gannett	112	300	262	99
Gap	141	293	5	206
Gates Learjet	859	**	938	64
GATX	886	**	817	106, 210
Gearhart Industries	904	**	962	198
Geico	22	93	166	154
Gelco	683	**	831	210
GenCorp	786	615	129	64, 71
General Cinema	20	58	93	78, 158
General Dynamics	77	67	260	64
General Electric	159	320	351	64, 114, 116
General Host	80	62	100	206
General Instrument	760	**	935	101, 101, 101
General Mills	**	455	470	130, 134
General Motors	514	10	599	71
General Public Utils	820	27	174	120
General Re	414	654	385	154
General Refractories	915	**	198	146
General Signal	589	665	795	101, 116, 146
Genesco	917	**	919	68, 68, 206
Genuine Parts	187	411	529	206
Georgia-Pacific	799	626	606	108, 204
Gerber Products	322	384	176	134
Getty Petroleum	641	**	119	198
Giant Food	91	82	25	130
Gibraltar Financial	847	**	376	74
Gillette	167	436	170	114
GlenFed	**	**	450	74
Global Marine	898	**	963	198
Godfrey	661	349	49	130
Golden West Finl	93	**	41	74
BF Goodrich	907	**	546	71, 93
Goodyear	637	448	428	71
Gordon Jewelry	680	675	677	206, 206
Gould	857	**	861	64, 101, 101
WR Grace	618	686	786	93, 106, 130
WW Grainger	325	407	483	116
Gt Am First Savings	**	**	345	74
Great A&P Tea	901	39	52	130
Gt Northern Nekoosa	671	646	361	204
Gt Western Financial	811	**	309	74
Greyhound	616	585	507	114, 210
Grumman	362	57	563	64
GTE	602	**	589	212
Gulf & Western	743	**	130	99, 126, 158
Gulf States Utilities	455	531	891	120
Halliburton	584	722	922	108, 198
Handy & Harman	668	702	782	162
Hannaford Bros	149	221	32	130
Hanover Insurance	625	678	141	154
Harcourt Brace	421	155	83	99
Harnischfeger Inds	924	**	725	146, 146
Harris Corp	528	634	865	64, 101
Harsco	599	548	556	64, 106
Hartford National	272	463	303	74
Hartmarx	471	204	363	68, 206
Hasbro	30	14	3	158
Hawaiian Electric	662	417	393	120
Hechinger	166	97	144	206
Heck's	823	**	771	206
G Heileman Brewing	61	451	524	78
HJ Heinz	121	250	22	134
Henley Group	**	**	**	93, 108, 140

Rank

Company	Profitability	Growth	Stock market	Industry survey page
Hercules	615	520	409	64, 93
Hershey Foods	176	335	157	134
Hewlett-Packard	202	201	515	101
Highland Superstores	2	19	**	206
Hillenbrand Inds	246	391	159	114, 140
Hilton Hotels	194	529	578	158
Holiday	483	323	380	158
Holly Corp	126	69	306	198
Home Federal S&L	**	**	602	74
Home Group	**	**	**	154
Honeywell	594	561	555	64, 101, 101
George A Hormel	580	488	184	134
Hospital Corp	225	123	736	140
Household International	587	339	220	126, 210
Houston Industries	490	370	569	120
Hubbell	254	377	383	116
Hughes Tool	826	**	946	198
Humana	32	87	726	140
Huntington Bcshs	429	409	337	74
EF Hutton Group	261	689	743	126, 154
IC Industries	729	522	292	106, 134, 210
ICH	15	31	17	154
Ideal Basic Inds	945	**	961	108
Illinois Power	356	412	696	120, 164
Illinois Tool Works	425	575	200	146
Imperial Corp of Am	929	**	761	74
Inco	932	**	848	162
Ingersoll-Rand	815	**	822	146
Inland Steel Inds	922	**	860	162
Insilco	610	574	638	106, 108
Inspiration Resources	939	**	931	93, 162
Integrated Resources	345	388	490	126, 154
Intel	700	723	613	101
Interco	690	619	608	68, 114
InterFirst	725	**	948	74
Intergraph	18	18	242	101
Interlake	720	189	486	162
Intermark	495	**	194	106, 206
IBM	62	192	504	101
Intl Flavors & Frags	148	510	540	93
Intl Minerals & Chem	604	640	849	93
Intl Multifoods	483	606	574	134, 134
International Paper	762	708	592	202, 204
Interpublic Group	245	258	205	99
Interstate Bakeries	933	**	201	134
Iowa-Illinois G&E	301	378	414	120, 164
Iowa Resources	446	459	471	120
Ipalco Enterprises	455	458	391	120
Irving Bank	494	490	567	74
ITT	706	695	623	106, 154, 212
IU International	884	**	811	106, 210
James River Corp Va	110	113	72	202, 204
Jamesway	375	126	44	206
Jefferson-Pilot	548	253	285	154
Jefferson Smurfit	55	389	404	202, 204
Jerrico	332	473	596	130
Jim Walter	739	64	152	106, 108
Johnson & Johnson	172	403	620	114, 140
Johnson Controls	391	224	379	71, 148
Earle M Jorgensen	704	700	841	162
Jostens	104	347	206	99, 206
Joy Manufacturing	688	715	875	146
JWT Group	593	137	653	99

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Company	Profitability	Growth	Stock market	Industry survey page
K mart	581	425	229	206
Kaiser Alum & Chem	908	**	826	162
Kaman	322	146	140	64, 146
Kansas City P&L	290	304	513	120
Kansas City Southern	407	357	703	210
Kansas Power & Light	304	298	240	120, 164
Kaufman & Broad	824	**	361	108, 154
Kay	755	43	482	126, 206
Kellogg	29	272	118	134
Kellwood	611	5	27	68
Kelly Services	64	166	102	148
Kemper	596	636	455	154
Kenner Parker Toys	**	**	**	158
Kentucky Utilities	571	247	302	120
Kerr Glass Mfg	913	**	816	202
Kerr-McGee	687	676	863	198
KeyCorp	387	213	153	74
Kidde	560	612	706	106, 114
Kimberly-Clark	394	426	415	114, 204
KN Energy	546	664	**	164
Knight-Ridder	331	323	230	99
Koppers	893	**	646	93, 108
Kraft	372	365	215	134
Kroger	338	558	469	130
Laclede Gas	366	179	154	164
Lafarge	881	**	852	108
Lear Siegler	214	468	231	64, 71, 106
Leaseway Transport	411	484	609	210
Leggett & Platt	150	144	151	114
Leslie Fay Cos	**	**	**	68
Life Investors	673	118	522	154
Eli Lilly	94	299	357	140
Limited	9	20	4	206
Lincoln National	650	462	462	154
Liquid Air	665	603	667	93
Litton Industries	174	547	690	64, 106
Liz Claiborne	3	22	7	68
Lockheed	14	142	211	64
Loews	87	106	74	78, 154
Lone Star Industries	797	**	797	108
Long Island Lighting	365	364	853	120
Longs Drug Stores	258	375	454	206
Longview Fibre	744	16	692	202, 204
Loral	238	173	424	64
Lorimar-Telepictures	488	**	179	158
Louisiana Land	617	717	807	198
Louisiana-Pacific	849	**	598	108
Louisville G&E	551	452	443	120, 164
Lowe's Cos	266	71	188	206
LTV	935	**	955	64, 162
Lubrizol	440	652	717	93
Lucky Stores	250	555	389	130, 206
Lukens	877	**	791	162
M/A-Com	535	533	920	101, 212
Mack Trucks	894	**	918	71
Macmillan	343	29	69	99
Manhattan Industries	719	**	768	68, 206
Manor Care	44	50	108	140
Manpower	888	**	279	148
Manufacturers Hanover	505	497	760	74
Manufacturers Natl	669	89	98	74
Manville	885	**	951	108
Mapco	417	583	594	198

Rank				
Company	Profitability	Growth	Stock market	Industry survey page
Marine Midland Banks	671	367	533	74
Marriott	87	150	125	130, 158
Marsh & McLennan Cos	58	553	167	154
Marsh Supermarkets	557	600	308	130
Marshall & Ilsley	377	273	106	74
Martin Marietta	468	**	382	64
Maryland National	406	280	175	74
Masco	210	317	307	108
Masco Industries	**	**	**	71, 146, 198
Mattel	934	**	832	158
Maxicare Health	36	11	568	140
May Dept Stores	380	191	121	206
Mayflower Group	173	48	23	210
Maytag	63	59	181	114
MCA	554	517	259	158
McCormick	208	198	481	134
McDermott Intl	754	698	910	146, 198
McDonald's	97	194	227	130
McDonnell Douglas	480	136	336	64
McGraw-Hill	99	279	491	99
MCI Communications	34	54	869	212
McKesson	520	584	611	140
McLean Industries	320	**	939	210
MCorp	257	551	932	74
Mead	757	**	403	202, 204
Media General	343	454	464	99, 204
Mellon Bank	551	486	689	74
Melville	79	275	248	206, 206
MeraBank	**	**	101	74
Mercantile Bancorp	432	495	386	74
Mercantile Stores	276	158	109	206
Merck	129	408	421	140
Meredith	181	205	209	99, 99
Meridian Bancorp	384	311	500	74
Meritor Financial	**	**	881	74
Merrill Lynch	401	655	465	126
Fred Meyer	78	36	**	130, 206
Michigan National	801	**	572	74
Middle South Utils	518	527	799	120
Midlantic Banks	125	315	145	74
Herman Miller	100	119	349	148
Minn Mining & Mfg	189	534	558	106
Minstar	47	3	1	158, 210
Mitchell Energy	212	693	913	164, 198
Mobil	640	687	659	198, 206
Mohasco	798	**	233	114
Monarch Capital	609	294	341	154
Monfort of Colorado	35	227	11	134
Monsanto	712	**	515	93
Montana Power	434	528	682	97, 120, 164
Moore	370	500	584	148
Moore McCormack	776	701	[illegible]	106, 108
JP Morgan	315	234	[illegible]	74
Morgan Stanley	**	**	**	126
Morrison	311	390	237	130, 130
Morrison-Knudsen	522	499	656	108
Morse Shoe	749	**	468	206
Morton Thiokol	73	116	199	64, 93
Motorola	548	653	579	101, 212
Munford	382	46	295	130
Murphy Oil	369	659	850	198
Nacco Industries	231	17	228	97, 146
Nalco Chemical	114	538	800	93

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **Not ranked.
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Where to find the company

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
Nash Finch	516	487	154	130, 130
Nashua	838	**	331	148
National City	498	244	212	74
Natl Convenience	75	337	708	130
National Distillers	747	660	612	93, 198
National Fuel Gas	436	229	287	164
National Intergroup	927	**	899	140, 198
National Medical	163	121	582	140
Natl Semiconductor	770	**	648	101, 101
National Service	195	351	168	116, 148
National-Standard	880	**	847	162
Navistar Intl	953	**	866	71
NBD Bancorp	619	302	183	74
NCNB	298	240	312	74
NCR	443	327	128	101
New England Electric	263	237	395	120
NY State E&G	419	440	485	120
New York Times	108	117	63	99
Newmont Mining	846	**	732	162
Niagara Mohawk Power	395	369	707	120, 164
Nicor	903	**	839	164
NIKE	11	568	829	68, 68
NL Industries	793	**	956	93, 198
Nordstrom	221	178	56	206
Norfolk Southern	579	570	683	210
Norstar Bancorp	341	394	378	74
Nortek	557	470	585	108
North Amer Philips	582	507	540	101, 114
Northeast Utilities	318	135	289	120
No Indiana Pub Svc	721	554	798	120, 164
No States Power	310	231	288	120, 164
Northern Trust	727	622	216	74
Northrop	239	51	412	64
Northwestern Natl Life	758	544	445	154
Northwestern Steel	923	**	906	162
Norton	837	**	840	146
Norwest	688	641	681	74
Nucor	341	433	686	162
NVF	950	**	958	106, 162
NWA	812	13	510	66
Nynex	**	**	540	212
Occidental Petroleum	599	705	790	134, 198
Ogden	736	**	636	134, 148
Ogilvy Group	139	223	411	99
Ohio Casualty	637	670	597	154
Ohio Edison	447	346	624	120
Oklahoma G&E	463	431	405	120
Oid Republic Intl	256	381	457	154
Olin	834	**	593	93
Omnicom Group	**	**	783	99
Oneok	460	629	748	164
Orange & Rockland	469	448	368	120, 164
Orion Capital	804	**	587	154
Outboard Marine	632	25	269	158
Owens-Corning	664	91	**	108
Owens-Illinois	734	523	290	202
Oxford Industries	236	187	384	68
Paccar	597	514	739	71
Pacific G&E	428	344	441	120, 164
Pacific Lighting	521	581	629	164, 206
Pacific Resources	679	**	766	198
Pacific Telesis	**	**	580	212
PacifiCorp	348	400	539	97, 120, 212

	Rank			
Company	Profitability	Growth	Stock market	Industry survey page
PaineWebber Group	169	609	499	126
Pan Am	940	**	526	66
Panhandle Eastern	457	660	**	164
Parker-Hannifin	478	540	655	64, 146
Pay'n Save	**	**	**	206
Payless Cashways	205	153	480	206
Penn Central	742	**	534	106, 198
Penn Traffic	682	474	150	130
JC Penney	537	380	305	206
Pennsylvania P&L	577	549	459	120
Pennwalt	816	**	571	93
Pennzoil	448	692	692	198
Pentair	241	366	272	146, 204
People Express	899	**	878	66
Peoples Energy	305	286	313	164
PepsiCo	213	373	479	78, 130, 134
Perini	780	**	**	108
Perkin-Elmer	451	557	815	64, 101
Perry Drug Stores	430	165	156	206, 206
Petrie Stores	147	372	271	206
Pfizer	160	154	492	140
Phelps Dodge	920	**	912	162
PHH Group	111	248	727	148
Philadelphia Electric	493	441	643	120
Philip Morris Cos	60	188	318	78
Phillips Petroleum	530	623	864	198
Phillips-Van Heusen	630	100	73	68
Piedmont Aviation	244	446	544	66
Pillsbury	268	305	164	130, 134
Pioneer Hi-Bred Intl	105	379	777	134
Pitney Bowes	223	212	71	101
Pittston	896	**	921	66, 97
Pittway	354	470	570	99, 114, 202
PNC Financial	243	211	552	74
Polaroid	838	643	210	158
Ponderosa	691	588	335	130
Portland General	322	398	358	120
Potlatch	773	596	600	108, 204
Potomac Electric	387	259	180	120
PPG Industries	473	334	165	71, 108
Premark Intl	**	**	**	114, 114
Price Co	4	15	313	206
Primark	686	56	219	164
Prime Computer	72	303	819	101
Procter & Gamble	222	501	605	114, 114
Provident Life & Acc	462	210	626	154
PS Group	759	**	668	66
Public Service Colo	566	532	762	120, 164
Public Service Ind	603	691	868	120
Public Service NH	480	542	905	120
Public Service NM	443	580	698	120, 164
Public Svc Enterprise	539	396	436	120, 164
Pueblo International	726	281	64	130
Puget Sound P&L	553	572	649	120
Pullman-Peabody	959	**	273	106
Pulte Home	69	164	169	108
Purolator Courier	530	**	874	66, 71
Quaker Oats	287	368	113	134
Quaker State Oil	543	491	502	198
Questar	377	232	431	164
Rainier Bancorp	472	314	432	74
Ralston Purina	181	130	53	134
Ramada Inns	906	**	784	158

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Rank				
Company	Profitability	Growth	Stock market	Industry survey page
Raychem	540	613	710	116
Raytheon	181	518	630	64, 106
Reichhold Chemicals	831	**	377	93
Reliance Group	170	40	**	154
Republic New York	193	506	521	74
RepublicBank	346	521	902	74
Research-Cottrell	850	**	531	148
Resorts Intl	802	**	275	158
Revco DS	198	494	440	206
Revere Copper	902	**	694	162
Revlon Group	959	**	221	114
Rexnord	791	635	796	146
Reynolds Metals	897	**	573	162
Riggs National	570	453	460	74
Rite Aid	86	196	255	206
RJR Nabisco	90	308	372	78, 134
RLC	716	685	621	210
Roadway Services	200	465	613	210
HH Robertson	730	**	934	108
AH Robins	938	**	871	140
Rochester G&E	381	278	640	120, 164
Rockwell Intl	157	169	401	64, 71
Rohm & Haas	376	202	207	93
Rohr Industries	165	9	88	64
Rollins	217	340	**	148
Roper Corp	709	**	62	114
Rorer Group	175	546	466	140
Rose's Stores	291	78	28	206
Rubbermaid	145	96	85	114
Ruddick	436	402	449	130
Ryan Homes	676	157	396	108
Ryder System	234	225	162	210
Rykoff-Sexton	504	384	258	130
Ryland Group	270	77	78	108
Safeco	532	270	326	154
Safeway Stores	476	284	96	130
St Paul Cos	756	**	685	154
Salomon	130	555	253	126, 126
San Diego G&E	283	125	280	120
Santa Fe Southern	683	539	752	210
Sara Lee	184	275	117	134
Savannah Foods	23	277	352	134
Savin	952	**	937	148
Scana	466	409	355	120, 164
Schering-Plough	440	563	299	114, 140
Schlumberger	84	679	908	198
SCI Systems	191	41	422	101
Scott Paper	674	406	149	114, 204
Scotty's	392	484	751	206
Seagram	626	447	225	78
Sealed Power	350	194	652	71
Sears, Roebuck	594	176	360	154, 206
Seaway Food Town	639	649	525	130
Security Pacific	300	310	512	74
Service Merchandise	299	631	634	206
ServiceMaster Inds	8	146	564	148
Shaklee	179	591	586	114
Shaw Industries	158	49	21	114
Shaw's Supermarkets	59	152	**	130
Shawmut	507	291	350	74
Sherwin-Williams	366	120	87	206, 206
Shoney's	74	114	139	130
Signet Banking	402	84	112	74
Singer	714	**	274	64

Rank				
Company	Profitability	Growth	Stock market	Industry survey page
Skyline	775	405	835	71, 108
AO Smith	866	**	322	71
Smith International	926	**	959	198
Smithfield Foods	680	475	31	134
SmithKline Beckman	43	420	755	140, 140
Snap-on Tools	155	306	400	71
Society	574	296	218	74
Sonat	424	**	859	164
Sonoco Products	268	376	239	202
Soo Line	769	**	890	210
Southeast Banking	519	530	498	74
Southern Calif Edison	309	260	442	120
Southern Company	398	300	506	120
So New England Tel	491	434	398	212
Southern Union	790	**	917	164
Southland	289	233	392	130, 198
Southmark	92	7	394	126
Southwest Airlines	209	456	566	66
Southwest Forest Inds	914	**	772	108, 204
Southwest Gas	496	161	433	164
Southwestern Bell	**	**	591	212
Southwestern Pub Svc	138	268	386	120
Sovran Financial	274	200	671	74
Springs Industries	708	515	501	68, 114
Square D	249	578	676	116
Squibb	414	271	226	140
SSMC	**	**	**	114
Staley Continental	698	725	754	130, 134
Stanadyne	296	173	575	108, 146
Std Commercial Tob	325	587	283	78
Standard Oil	83	707	787	198
Stanley Works	431	363	487	114, 146
State Street Boston	117	151	34	74
Stater Bros	**	**	**	130
Sterling Drug	384	552	532	114, 140
JP Stevens	867	**	493	68, 114
Stewart & Stevenson	876	**	928	146
Stewart-Warner	796	669	774	146
Stone Container	723	**	135	204
Stop & Shop Cos	197	182	45	130, 206
Storage Technology	957	**	960	101
Strawbridge	470	111	30	206
Student Loan	13	21	371	126
Subaru of America	6	61	92	71
Sun Chemical	740	706	236	93, 101
Sun Company	512	633	767	198
Sundstrand	399	610	749	64, 146
SunTrust Banks	216	207	**	74
Super Food Services	459	65	51	130
Super Rite Foods	49	101	844	130, 130
Super Valu Stores	66	267	477	130
Supermarkets General	119	163	46	130
Sysco	164	185	270	130
Talley Industries	862	**	86	64, 114
Tandem Computers	351	175	753	101
Tandy	26	199	775	101, 206
TCF Banking & Saving	**	**	**	74
TECO Energy	417	461	419	120
Tecumseh Products	355	371	561	146
Tektronix	505	537	779	101
Tele-Communications	767	329	82	99
Teledyne	53	108	478	64, 106, 154
Telex	33	26	16	101
Temple-Inland	**	**	641	108, 202

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Company	Profitability	Growth	Stock market	Industry survey page
Tenneco	634	713	781	106, 164, 198
Tesoro Petroleum	791	**	911	198
Texaco	694	703	805	198
Texas Air	955	**	40	66
Texas American Bcshs	534	624	916	74
Texas Commerce Bcshs	246	632	897	74
Texas Eastern	584	704	785	164
Texas Industries	542	690	780	108, 162
Texas Instruments	793	**	709	64, 101
Texas Utilities	319	423	647	120
Textron	654	264	452	64, 106
Third National	313	156	90	74
Thorn Apple Valley	830	**	867	134
TIE/Communications	265	**	933	212
Tiger International	958	**	930	66
Time Inc	170	53	715	99, 99
Times Mirror	210	236	329	99
Timken	840	**	894	146, 162
Todd Shipyards	241	**	855	64
Tops Markets	**	**	**	130
Torchmark	409	171	115	154
Toro	895	**	196	114
Tosco	943	**	953	198
Toys "R" Us	68	79	95	206
Tracor	306	526	718	64
Trans World Airlines	**	**	610	66
Transamerica	635	644	695	154
Transco Energy	295	560	825	164
Transworld	133	60	**	130, 158
Travelers	643	576	548	154
Triangle Industries	601	**	18	202
Tribune	608	356	559	99
Trinity Industries	764	**	808	108
Trinova	731	33	241	146
TRW	560	**	642	64, 71
Turner	71	325	678	108
Tyco Laboratories	168	492	42	108, 202
Tyler	464	561	810	93, 101, 108
Tyson Foods	96	8	6	134
UAL	841	**	185	66
UGI	836	**	813	164, 198
Union Camp	563	621	517	202, 204
Union Carbide	848	**	729	93
Union Electric	360	358	309	120
Union Pacific	647	582	788	198, 210
Unisys	723	115	448	101
United Artists	277	81	12	158
United Banks of Colo	537	450	756	74
United Brands	865	**	330	134, 134
United Financial	766	**	896	74
United Illuminating	259	322	618	120
United Merchants	937	**	313	68, 68
US Bancorp	507	524	644	74
US Home	878	**	888	108
US Shoe	200	467	321	68, 206
US Tobacco	40	141	356	78
United Stationers	66	109	297	148
United Technologies	448	604	508	64, 108
United Telecom	536	719	746	212
United Virginia Bkshs	261	245	238	74
Univar	360	572	**	93
Universal Foods	325	413	334	134
Universal Leaf	180	311	426	78, 154
Unocal	377	628	893	198

Rank

Company	Profitability	Growth	Stock market	Industry survey page
UNUM Corp	**	**	**	154
Upjohn	281	504	186	140
US West	**	**	551	212
USAir Group	308	511	222	66
USF&G	778	**	607	154
USG	316	103	103	108, 108
USLife	698	**	545	154
USX	869	**	885	162, 198
Utah Power & Light	583	559	657	120
Valero Energy	457	**	936	164, 198
Valley National	450	460	673	74
Varian Associates	692	592	657	101
Varity Corp	959	**	802	71, 146
VF	31	73	38	68
Vulcan Materials	336	543	475	93, 108
Wal-Mart Stores	21	37	24	206
Waldbaum	440	354	195	130
Walgreen	101	132	70	206
Wang Laboratories	123	667	886	101
Warner Communications	851	**	857	158
Warner-Lambert	807	**	407	140
Washington Gas Light	526	349	654	164
Washington National	748	666	661	154
Washington Post	57	63	91	99
Waste Management	132	162	246	148
Del E Webb	751	34	161	108, 158
Weis Markets	153	246	193	130
Wells Fargo	487	354	127	74
Wendy's Intl	98	183	338	130
West Point-Pepperell	628	602	473	68, 114
Western Air Lines	948	**	373	66
Western Co No Amer	845	**	964	198
Western S&L	39	**	10	74
Western Union	931	**	954	212
Westinghouse	334	392	107	64, 116
Westmoreland Coal	890	**	879	97
Westvaco	598	508	664	204
Wetterau	514	85	233	130
Weyerhaeuser	782	630	745	108, 204
Wheeling-Pittsburgh	946	**	940	162
Whirlpool	235	242	317	114
Whittaker	465	688	833	93, 146
Wickes Cos	956	**	924	206
Wicor	613	292	476	164
Willamette Inds	710	262	406	108, 204
Williams Cos	763	697	854	93, 164
Wilson Foods	942	**	631	134
Winn-Dixie Stores	162	421	374	130
Wisconsin Electric	336	207	256	120, 164
Wisconsin P&L	303	307	340	120, 164
Wisconsin Public Svc	357	296	276	120, 164
Witco	390	341	217	93, 198
FW Woolworth	828	**	94	206, 206
Worthington Inds	120	332	413	162
Wm Wrigley Jr	330	282	134	134
Wyman-Gordon	307	716	846	64
Xerox	650	677	721	148, 154
Yellow Freight System	422	66	84	210
York International	**	**	**	108
Zale	854	**	528	206
Zapata	652	**	957	134, 198
Zayre	270	70	39	206, 206
Zenith Electronics	788	**	595	101, 114
Zurn Industries	527	608	674	146

Profitability: 5-year return on equity. **Growth:** 5-year annual earnings-per-share growth. **Stock Market:** 5-year price change. **Not ranked.
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Taxing Matters

Edited by Laura Saunders

A few surprises await investors who have been trying to figure what the new law will do to corporate tax rates.

Winners and losers

FRANKLY, I was surprised," says Mark Starcher. "I thought tax reform would help department stores and health care firms more, and hurt drug manufacturers more." Wall Street types will probably be surprised as well, for the same reasons.

Starcher is counsel at Tax Analysts, an Arlington, Va.-based nonprofit publisher of tax information. Recently he completed a study of the tax act's effect on about 1,000 large public companies. For each, he used 1985 shareholder reports to figure out what the companies actually paid Uncle Sam as a percentage of domestic income. (In addition to current, or immediately payable, taxes, Starcher counted deferred, or postponed, taxes where it appeared that the deferral would last for only a few years.) Then Starcher estimated what the companies would have paid if the 1986 act had been in effect.

He found some suspicions confirmed, others not. If the results of the study hold good, the overall U.S. tax burden on companies will rise to 25.7%, from 20.9%. That should please lawmakers; it's just what they intended when they rewrote the rules last summer.

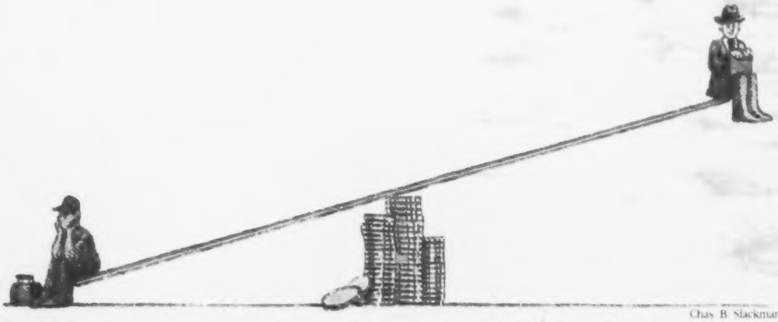
The big losers, as expected, will be in capital-intensive industries like mining (a rise of 29.3 percentage points in the average tax rate, to 37.5%), natural gas transmission companies (up by 16.9 percentage points), and chemicals (up 14.8 points). These industries have relied heavily on the 10% investment tax credit and accelerated depreciation, so they haven't been paying anything close to the old law's basic 46% corporate tax rate. "In general, if you relied on the [investment credit], then you are going to lose," explains Starcher.

The winners? Firms that rely on investments in labor more than in capital. Wholesalers will see their tax rates drop 6.2 percentage points, apparel retailers 5.9 points and furniture makers 7.4.

Department stores as a group will, surprisingly, pay a bit more. J.C. Penney will have a tax rate 8.6 points higher. Health care firm will do worse. Says Starcher, "I think some department stores have large real estate investments which will be affected by lengthened depreciation, and many of the health care companies have invested heavily in electronic equipment."

The average drug company will see its rate go down slightly. The industry doesn't rely much on the investment credit and has managed to save its most visible tax benefit, a credit for manufacturing in Puerto Rico. It salvaged most of the research and development credit as well.

One caveat: For simplicity, the study assumes no change in behavior in response to the law, an assumption that won't hold. As Starcher himself says, "Never, but never, underestimate the ingenuity of tax lawyers and accountants."—L.S.



Chas. B. Slackman

Ouch

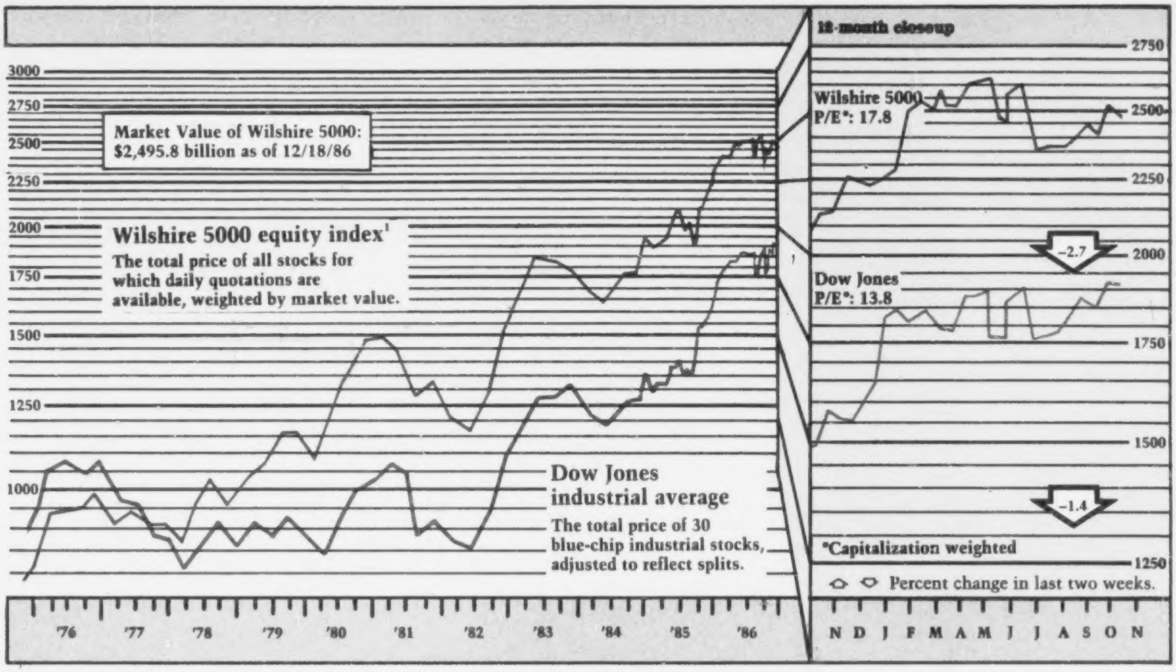
Some industries will see their effective tax rates drop by 1988. But overall, the corporate burden will rise 4.7 points.

Industry	Change in tax rate*	New tax rate
mining	+29.3%	37.5%
gas pipeline	+16.9	21.6
chemicals	+14.8	35.8
motor vehicles	+14.0	40.5
electric utilities	+13.7	25.2
shipping	+11.6	10.4
semiconductors	+11.3	27.2
lumber	+10.1	29.7
paper	+9.8	26.1
construction	+9.6	18.7
US industry average	**+4.7%**	**25.7%**
furniture	–7.4%	30.8%
tobacco	–7.1	30.9
apparel mfg	–6.6	33.9
wholesaling	–6.2	28.6
advertising	–6.1	20.4
apparel retailing	–5.9	27.5
drug retailing	–5.7	30.7
insurance brokerage	–5.5	40.8
paper products	–5.4	29.4
stock brokerage	–5.0	26.8

*Change in effective tax rate, in percentage points. (An increase from a 10% rate to a 15% rate would be shown as +5%.)

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



A thumb on the scale. The 30 blue-chip stocks that compose the Dow Jones industrial average make up roughly 19.5% of the capitalization of the NYSE and 17% of the whole market as measured by the Wilshire index of 5,800 stocks. All it takes is a handful of Dow issues such as Kodak, General Electric, Merck, Minnesota Mining & Manufacturing, Procter & Gamble and Westinghouse to trade close to their 52-week high, and the market looks good. Even though the Dow is off some 2.2% from its early December peak, it still shows a much better record than the rest of the market. The Wilshire index peaked on July 2, at 2598, and has since fallen 4.8%, to 2474. (This differs slightly from the $2,496 billion total value of Wilshire stocks because the index is adjusted to reflect stock retirements and takeovers.) The Amex and Nasdaq, which hit highs at about the same time as the Wilshire, show respective drops of 8% and 14.5% from their peaks. The NYSE, which crested in early September, is off 3.2%.

Closeup On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	1.2	1.9	2.8	1.5	0.3	-0.2
in last 52 weeks	15.0	12.6	23.9	16.9	7.7	8.9

Stock performance based on six key investor yardsticks

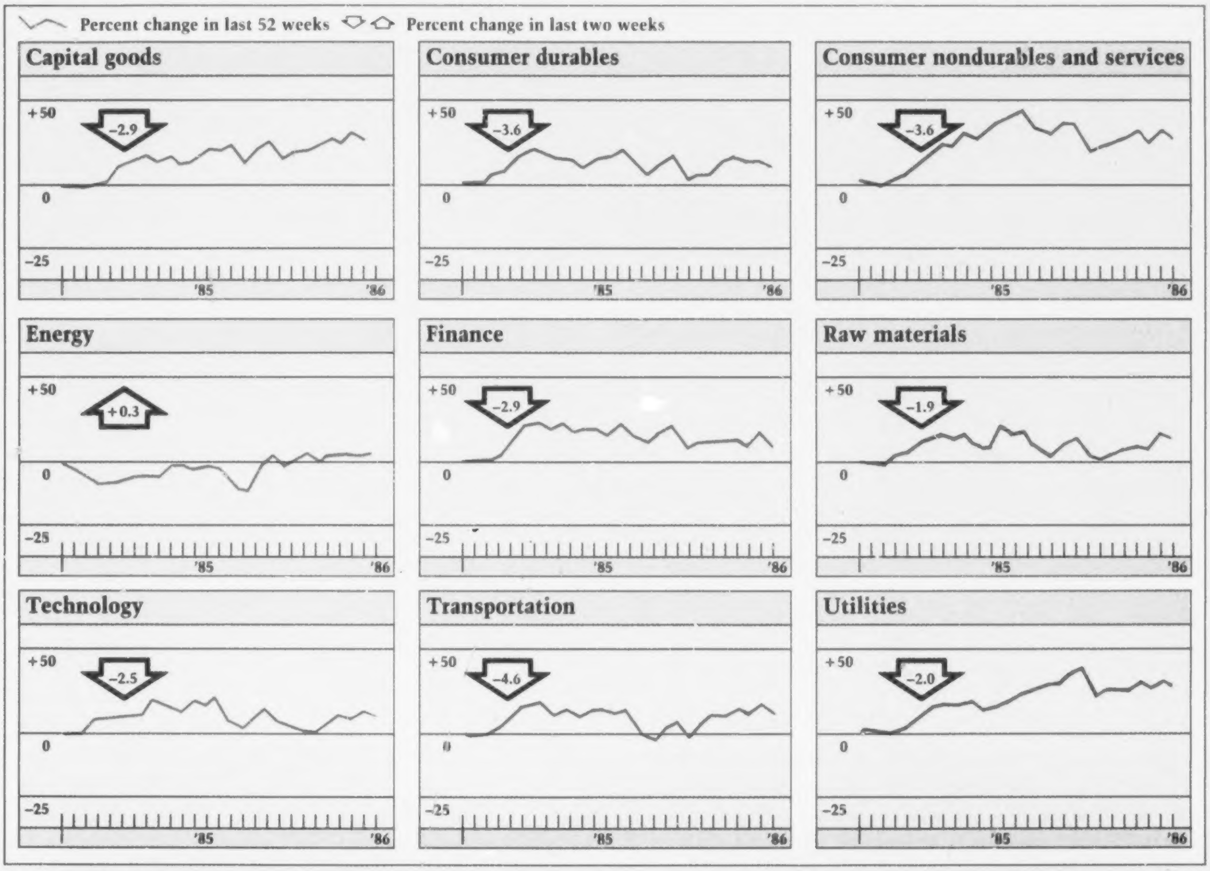
Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	1.3	-2.2	-4.4	-0.1	-0.8	-0.6	-0.5	-0.5	-3.9	-0.0	1.2	-4.2
in last 52 weeks	19.3	34.3	44.6	22.5	11.3	20.8	16.3	28.4	35.1	26.3	24.0	19.0

[1] Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2] Based on sales. [3] A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [4] A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 12/18/86. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Where's the holiday spirit? Investors decided it is better to sell than to buy. During the last two weeks the overall market, as measured by the Wilshire index, fell 2.7%. Transportation issues, with a 4.6% drop, registered the biggest decline. Hardest hit was Pan Am, which fell 19%, while KLM Royal Dutch Airlines and Southwest Airlines were off nearly 10%. Two railroads, Santa Fe Southern Pacific and Burlington Northern, lost nearly 9%. Both consumer sectors, with equal 3.6% declines, also fared worse than the market. The only group to attract investors' attention was energy, which eked out a 0.3% gain. There were no superstars in the oil sector, but enough stocks posted small percentage gains to move the entire group into positive territory.



What The Analysts Think

Who believes them, anyway? During the past two weeks analysts made the largest upward revisions in their 1986 estimates for transportation companies. Wall Street responded by dumping transportation stocks. Among companies with higher forecasts are Burlington Northern and KLM, two of the big losers on Wall Street *(see above)*.

Forecasting the Forbes 500

Performance period	Average earnings per share	P/E
latest 12 months	$2.69	16.3
1986 estimates	3.12	14.1
1987 estimates	3.76	11.7

Rank based on change in estimate	Sector	Estimated 1986 EPS	P/E	% change in 1986 estimate in 2 weeks	in 4 weeks
1	Transportation	$1.48	19.8	4.52%	0.84%
2	Consumer durables	3.74	12.4	0.81	–0.88
3	Utilities	3.27	10.7	0.02	–0.09
4	Finance	3.05	11.1	–0.23	–0.88
5	Consumer nondurables	2.13	17.0	–0.34	–0.81
6	Technology	2.47	15.7	–0.63	–2.46
7	Raw materials	1.74	18.6	–0.70	–2.06
8	Capital goods	2.23	18.8	–0.86	–3.11
9	Energy	1.99	16.8	–1.65	–3.67

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 12/18/86. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.